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What Our Students have to Say....

Aman Mahajan (CA AIR 19)

I really liked your classes, especially the practical linkages explained with amazing graphics. The full subject test series helped a lot in improving my writing speed and presentation skills.

Sundar Sri Renganathan B (AIR 33)

I took Accounting from IndigoLearn and the classes were really good. They emphasized on conceptual clarity over getting things done quickly, which is really vital to score good marks in practical papers. Other resources like Notes, Quizzes and Forum was beneficial too.

Dwarakesh

Thank you IndigoLearn team for the guidance and support throughout the past few months. I had great conceptual clarity in all the subjects and the revision classes by Suraj Sir were very helpful. Study planner and Free resources were very useful. Thank you Team IndigoLearn.

Yug Manoj Kumar Bhattad

I have cleared my CA Foundation examination with the total of 286. And this was not possible without the efforts and support of IndigoLearn. The way of teaching with utmost conceptual clarity is the best thing at IndigoLearn.

Prakash Bhatt

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Naveen Kumar S

Good experience, unlimited views helped a lot in last one month preparation. Looking forward for

Bhagyasree Chougule

It was only because of IndigoLearn that my concepts became very clear, and I was able to crack the exam. I wasn't 100% prepared I needed more practice but luckily I got through. I'm definitely choosing IndigoLearn for group 2 preparation. A big thanks!

Mohd Thayyab

Theoretical subjects made easier through story based examples and charts. Concept clarity 100%. Fully exam+practical oriented classes will help not only to retain the concepts during exams but for the longer duration.

Lalit Chetan Sanpal

IndigoLearn has been fantastic and brilliant. Helped me a lot in my preparations. I cleared both the groups in first attempt with your brilliant classes and notes. Thanks to all the faculties, coordinators, forum admins and everyone at IndigoLearn. Really grateful. Will go for CA Finals at IndigoLearn For sure. Thank you so much IndigoLearn.

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Abishek M

I'd like to thank IndigoLearn for all the support they've provided me with. Modules were great. They were time saving and straight to the point. I extensively used the materials provided before exams, they were so helpful. Also I'd appreciate them for providing unlimited views as I kept looking into the maths modules till the end.

Munnur Nandini Sree

Accounting classes I have taken from IndigoLearn. Now I feel that it's a great choice that I have made (after seeing my result) because only in Accounting I got exemption. Thank you IndigoLearn.

Harshita G

Thank u so much IndigoLearn for your guidance. This is only possible because of u people.... For my finals also my journey will continue with IndigoLearn.

Bharathsha PS

I purchased Economics, IT, FM, EIS and Audit from IndigoLearn. All your classes are superb and anyone can easily crack the CA exams. What makes u special is your classes help us to understand the concepts very well. Special thanks to the FM faculty, I studied only 2 chapters in economics, and still managed to score exemption in the 8th paper.

Nayi Mihir kumar

This platform is very helpful in all activity like mcq practise, notes, teaching activities, revisions and the forum interaction with all students which I like the most. If anybody want to clear their exams in first attempt then IndigoLearn is the best platform for them. My all regards to IndigoLearn. Thank you so much.

Rajalaxmi CA Inter

Can't believe I cleared. Sathya Sir, Suraj Sir, Yogita Mam ... thanks to all my faculties. Basically an Eng student with zero accounts knowledge. Thanks IndigoLearn for making me clear in first attempt.

Priyanka Udeshi

All the faculties have excellent knowledge of the subject and deliver it in very crisp & effective manner. Also, quick response at Forums never let any of my doubts go unresolved no matter how small they were. Thank you once again to all the teachers & staff at IndigoLearn!

Naveen Kumar T

It been a great journey with indigo learn team. Thanks to all the facilities and forum friends who support me a lot.

CORPORATE AND OTHER LAWS

Case scenario 1

Modern Limited is a company limited by shares that manufactures furniture items apart from material used in modular kitchens. Modern Limited is an unlisted company with a registered office in Mumbai, Maharashtra. It has a corporate office in Delhi and branch offices throughout the country. Following are facts regarding the 18th annual general meeting (AGM) of Modern Limited.

Modern Limited is the lead sponsor of the furniture trade event India Furniture EXPO 2022 and a member of the Association of Furniture Manufacturers and Traders. Modern Limited, on behalf of the Association, booked the Expo Hall in Mumbai for the event and also decided to convene its 18th AGM at the same hall after the conclusion of EXPO 2022. But later, they found that the India Furniture Expo 2022, which was scheduled to be held from September 16-19, 2022, had to be postponed as Bombay Municipal Corporation (BMC) continued to occupy the hall as a vaccination center. Therefore, Modern Limited has to rethink its plan and now convene its 18th annual general meeting on September 27, 2022, at the IMA Auditorium in Delhi, near its corporate office. All the members consented to same. The notice of the said meeting was posted on September 5, 2022, specifying place, date and day, in addition to business to be transacted. In case of Mr. Ashok, who is declared insolvent but undischarged, notice was sent to assignee, while a willful omission was made in giving notice in case of Ms. Anjum.

At the meeting, Mr. Singh was elected as chairman of the meeting by a show of hands, while Mr. Manohar registered his dissent on the appointment of Mr. Singh as chairman of the meeting and sought a poll to elect the chairperson. Mr. Manohar has substantial voting right of company being part of promoter group. A poll was held to elect the chairman of the meeting, and Mr. Singh voted twice in his capacity as a member as well as chairman while the poll was taking place. Mr. Singh was elected chairman through the poll as well, by overwhelming majority.

Ms. Varnika, who is not a member of company, attended the meeting as Mr. Alok's proxy, voted both times: when Mr. Singh was elected by show of hands and when he was elected by poll. When she initially voted, she raised her hand in favour of electing Mr. Singh as chairman of the meeting, while during the election through a poll, she cast a vote against.

Mr. Manohar raises the question on a vote that is casted by Mr. Singh in his capacity as chairman, hence he pass the remarks on him and his allies; which can be considered defamatory in nature. Chairman at his opinion, instructed the company secretary to exclude the remarks passed by Mr. Manohar while preparing the minutes, but some members raised a voice against the discretion of Mr. Singh, because they find remarks didn't carry any matter which can be considered defamatory, while some other members feel remarks are made with intent to defame chairman.

Question: 1

Regarding the notice of meeting given by Modern Limited, you are required to pick the correct option in light of provisions of the Companies Act, 2013 and rules notified

thereunder.

- I. Modern Limited observe the length of notice, as required.
- II. Notice shall be given to member irrespective he is solvent, adjudged or declared insolvent, or discharged insolvent; Modern Limited committed default
- III. Notice shall be given to assignee of insolvent member, Modern Limited correctly did so
- IV. Willful omission in giving notice will invalidate the proceeding of the meeting in case of Modern Limited
 - a) Only I, II and IV are correct
 - b) Only III and IV are correct
 - c) Only I is correct**
 - d) Only IV is correct

Question: 2

Regarding the place of 18th AGM of Modern Limited, decide whether applicable provisions violated or not; in light of provisions of the Companies Act, 2013 and rules notified thereunder

- a) Violation, because Modern Limited shall convene and conduct AGM only at its registered office
- b) Violation, because AGM shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situate**
- c) No violation, because AGM shall be held either at the register or corporate office of the company or even at some other place within the city, town or village in which the registered or corporate office of the company is situate
- d) No violation, because AGM of the said company may be held at any place in India

Question: 3

Regarding vote casted by Ms. Varnika, which of following statements hold truth; in light of provisions of the Companies Act, 2013 and rules notified thereunder.

- a) Being proxy Ms. Varnika is not allowed to cast vote on a poll, while she can cast vote by show of hand
- b) Being proxy Ms. Varnika is not allowed to cast vote by show of hand, while she can cast vote on a poll
- c) Despite being non-member Ms. Varnika can be proxy, but can't cast vote either by show of hand or on a poll**
- d) Ms. Varnika can cast vote in both the cases; by show of hand as well as on a poll

Question: 4

Regarding the inclusion/exclusion of the remarks by Mr. Manohar, advice the company secretary; which of the following statement hold truth, in light of provisions of the Companies Act 2013 and rules notified thereunder.

- a) Mr. Manohar's remark shall be included in minutes because minutes shall contain fair summary of the proceedings.

- b) **Mr. Manohar's remark shall be excluded from minutes because remarks are made with intent to defame chairman, the chairman's opinion of inclusion and exclusion is immaterial in such case.**
- c) Mr. Manohar's remark shall be excluded from minutes because chairman has absolute discretion to exclude any matter which is defamatory in his opinion
- d) Mr. Manohar's remark shall be included in minutes because many members challenge the chairman's opinion and feels remarks were not defamatory.

Case scenario 2

Super Fabrics Limited is a listed entity. It finalized its annual accounts for the year ended on 31st March, 2023. The Audit Committee recommended it and subsequently the Board approved the same.

Annual General meeting of the shareholders was convened on 25th August, 2023, in which the annual accounts of the company were presented before the shareholders. The shareholders have approved dividend @ 10%

A report of the Board of Directors was attached with the annual accounts of the company. During the said meeting, a shareholder pointed out that during the year of 2022-23 there was a big news in the media and newspaper that a fraud has happened in the company of an amount of 75 lakh, with the involvement of a senior management official of the company, who is absconding since the news came into media. However, there was no mention about the fraud in the Auditor's Report as well as no comment in the Board's Report. The auditor, who was also present in the General Meeting of the shareholders, informed that fraud was detected during the course of audit but no further action was taken by him (auditor).

Question: 1

Going by the facts of the case, by what date should the amount be deposited in a separate account maintained with the scheduled bank for dividend purposes?

- a) By 30th August 2023
- b) By 1st September 2023
- c) By 7th September 2023**
- d) By 24th September 2023

Question: 2

By what date should the dividend declared in the meeting, be paid to the members of the company?

- a) By 30th August 2023
- b) By 1st September 2023**
- c) By 7th September 2023
- d) By 24th September 2023

Question: 3

With regard to preservation of the books of Super Fabrics Limited, the books of accounts for the Financial Year (FY) 2022-23 needs to be kept in good order until at least which of

the following years?

- a) FY 2027-28
- b) FY 2028-29
- c) 2029-30
- d) FY 2030-31**

Question: 4

The auditor had noticed that a fraud was committed by the senior management. Which is the correct statement in this respect:

- a) The auditor shall report the matter to the Central Government immediately
- b) It is not necessary to disclose the details of fraud in the Board's Report
- c) The auditor shall report the matter to the audit committee constituted under section 177 or to the Board**
- d) Since the Senior Management Personnel is absconding, the auditor is not required to take any action

Case scenario 3

Waste Papers Ltd. is a company engaged in the business of collecting waste papers and old newspapers and manufacturing from these wastes the corrugated boxes which are used in packing of the products by various suppliers.

The company is earning good profit margin and paying dividend consistently, which can be seen by the following information:

(in Lakh)			
Year	Payment of dividend	Paid up share capital	Free Reserves
2012-13 to 2017-18	10	100	45
2018-19	15	100	60
2019-20	20	100	75
2020-21	22	100	95
2021-22	24	100	120

During the year 2022-23, the company's business was severely affected due to low demand of the corrugated boxes on account of recession situation (slow-down of economy) prevailing all over the country. The company showed a loss of 20 lakh in the annual accounts.

However, the company wants to maintain its image of consistently dividend paying company and for this year also, it also wants to declare dividend. The company has accumulated free reserves in its hand and wants to declare dividend @ 26% (since there is an increasing trend of 2% from the preceding years)

During the year 2022-23, Somesh, a shareholder of the company died due to cardiac arrest. He was having 10,000 shares in his D-mat account in which he has made nomination in favour of his son Romesh. When Romesh applied for transmission of the shares, his sister Sanjana, objected and filed a case in the court that she also has a right in the property of her father and mere making of nomination does not dilute the rights of the legal heirs to claim share in the property. The matter is sub-judice in the court of law.

awaiting decision.

The company has business dealing with Mahesh Kumar, who is also a shareholder of the company. The company has supplied some goods to Mahesh Kumar worth 10,000, but he was not making payment to the company. The company while making payment of the dividend to Mahesh Kumar deducted the due amount, and as a result, nothing was payable to Mahesh Kumar towards the dividend. Mahesh Kumar threatened to take action against the company.

Question: 1

Whether Waste Papers Ltd, who suffered losses in year 2022-23, can make payment of dividend to the shareholders:

- a) In case of losses, the company can pay dividend
- b) Company may pay dividend out of profits of previous years (which are free reserves) subject to the fulfilment of conditions prescribed for declaration of dividend when there is inadequacy of profits in a particular year**
- c) Company may dividend out of Asset Revaluation Reserve Account
- d) Company may dividend without any restriction as it has enough amount in its Free

Question: 2

Romesh (son of the deceased) made a complaint, that even after declaration of dividend, the company has not posted the dividend warrant at the address given in his transmission form. Which is the most correct statement in this regard:

- a) The company is not liable to pay dividend to a deceased person
- b) The company is not liable to pay dividend to the legal heirs of the deceased person
- c) The company should deposit the dividend in the court, where the matter is under consideration
- d) The company is not liable where there is a dispute regarding the right to receive the dividend.**

Question: 3

In the given case, the amount due to be recovered from Mahesh Kumar was deducted by the company and nothing was now payable to him on account of dividend. Is the action of the company right:

- a) No, payment of dividend is a separate matter and should not be clubbed with any other matter
- b) Yes, Mahesh Kumar can take action against the company for not paying any dividend to him
- c) The company can adjust the any sum, due to it, from the shareholder**
- d) The company should take into confidence and consent of Mahesh Kumar's family members to adjust its dues

CASE SCENARIO 4

Bharal Sanskar Limited having its registered office at Haridwar, is a listed public company. It is registered with an authorized share capital of 300 crore divided into 30 crore equity shares of 10/- each. The paid-up share capital of the company is 200 crore divided into 20 crore equity shares of 10/- each. The company is very renowned in manufacturing and supplying devotional items such as high-quality worship materials, fragrances, various types of decorative goods, idols etc.

The Board of Directors of the company constituted of Sagar as the Managing Director and Hari, Rahi, Sansar & Nabh as directors of the company. In the company Raju was holding the post of Company Secretary, Sonu designated as Chief Financial officer and Moli as Assistant Accountant. The company prepared its Financial Statement for the year 2022-23, the Board of Directors approved the same and it was signed by the concerned authorities and thereafter submitted to the auditors on 10th May 2023 for their report. The turnover of the company was 100 crores during the year 2022-23. The auditor's report was duly received and the annual accounts with Board's report and all necessary annexures were ready on 15th July 2023 after complying with all the formalities as per company law.

The Board Meeting was called on 25th July, 2023 and the Annual General Meeting was fixed on 20th August, 2023. At the Annual General Meeting the Financial Statement along with all annexures was duly received and adopted by the members present. However, the company could not file copies of financial statement along with all the documents annexed to the financial statement adopted at the Annual General Meeting, with the Registrar is also informed that in April, 2023, the company had destroyed all the books of account together with relevant vouchers up to financial year ending on 31st March, 2018. 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 queries given herein under:

Question:1

The Companies Act, 2013 provides that the financial statement should be approved by the Board of Directors, signed by the prescribed authorities and submitted to the auditors for their report. Accordingly, the financial statements of Bharat Sanskar Limited shall be signed by:

- a) Sagar, Raju and Sonu
- b) Sagar, Raju and Sonu
- c) Sagar, Sansar, Raju and Moti
- d) Sagar, Sansar, Raju and Sonu**

Question: 2

As per provisions of company law, the Board's report with annexures thereto of the above company is required to be duly signed by

- a) Sagar only
- b) Sagar and Hari**
- c) Sagar and Raju

d) Sagar and Sonu

Question: 3

In the above case scenario, the company failed to file copies of financial statement along with all the documents annexed to the financial statement adopted at the Annual General Meeting with the Registrar. In this context, which of the following statements is correct?

- a) Sagar, Raju and Sonu shall be liable to a penalty.
- b) The company, Sagar and Raju shall be liable to a penalty.
- c) The company, Sagar and Sonu shall be liable to a penalty**
- d) Only Sagar and Raju shall be liable to a penalty.

Question: 4

As per provisions of the Companies Act, 2013, the act of the company in destruction of all books of account together with relevant vouchers was not correct because -

- a) The books of accounts etc. relating to a period not less than 6 preceding financial years are required to be kept in good order.
- b) The books of accounts etc., relating to a period not less than 8 preceding financial years are required to be kept in good order.**
- c) The books of accounts etc., relating to a period not less than 10 preceding financial years are required to be kept in good order.
- d) The books of accounts etc., relating to a period not less than 12 preceding financial years are required to be kept in good order

Question:5

As per the provisions of the Companies Act, 2013, the company was required only to preserve the books of account but no vouchers are to be preserved

Choose the correct option:

- a) The given statement is correct.
- b) The given statement is incorrect. The company is required to preserve only books of accounts etc., relating to a period not less than 10-preceding financial years.
- c) The given statement is incorrect. The company is required to preserve only books of accounts etc. relating to a period not less than 6 preceding financial years.
- d) The given statement is incorrect. The books of account, together with vouchers relevant to any entry in such books, are required to be preserved in good order by the company for a period of not less than 8 years immediately preceding the relevant financial year**

CASE SCENARIO 5

Shiv IT Solutions Limited is a company engaged in the business of providing customized software to its clients. These software's are usually related to the employee's attendance, leave management, salary preparation, tax calculation and other matters incidental to Human Resource (HR)

The company is having its own building and other infrastructure in Bengaluru and also at

Brussels Belgium. The company have patent rights over few of its software's and also have the trademark right over the company's logo

The company got sanctioned term loan facility of 10 crore from Best Bank Limited on 1st January, 2022 by creating a charge on the assets of the company which includes the company's own buildings and intangible assets. The charge should have been created by the company within the time prescribed under the Companies Act, 2013 with the Registrar, however, the company could not get registration of charges within the prescribed timeline.

During the course of Secretarial Audit of the company, for the year ended March 2023, it came in the knowledge of the Company Secretary in Practice, that charge was not registered with the Registrar. He mentioned it in the report and advised the company to get it registered. However, the Action Taken Report (ATR) on the audit objection made by the Company Secretary was not apprised to the Board and no follow up was made by the company thereafter.

Bank's concurrent auditor and statutory auditor also pointed out this issue and narrated that since charge was not created by the company, hence this advance to be treated as clean advance and interest rate of clean /unsecured advance, which is 22% (as against the normal rate of 11%) should be applied from the date of disbursement on the outstanding amount till date. Bank also asked a professional, whether it can get the charge registered, at its own, to satisfy the audit objection.

The Bank applied for registration of charge which was considered by the Registrar and registration of creation of charge was granted. The Bank in order to address the audit objections applied the interest @ 22% on the outstanding amount in the loan account of the company. The company aggrieved with the decision of the Bank, managed to liquidate the term loans account by raising funds from other sources and filed the 'Satisfaction of Charge' with the Registrar

Question: 1

The company can create charge in favour of the lender on the assets which are:

- a) Tangible Assets and situated in India only
- b) Intangible Assets and situated in India only
- c) Assets that are tangible or otherwise and situated in India or Brussels (Belgium)**
- d) Assets that are tangible or otherwise and situated in India only

Question: 2

Where the company fails to get the registration of charge, whether the Best Bank Limited, in whose favour the charge was to be created, can move the application for creation of charge:

- a) No. It is the responsibility of the borrower company only to get the charge registered in favour of the lender.
- b) If the company do not get the charge registered in favour of the lender, the lender suo-moto cannot move application for registration of charge in its favour.
- c) The borrower company can be held liable to pay the penalty only.

- d) **Yes. The lender company can move the application for registration of charge in its favour, if the borrower do not get the charge registered with the prescribed time**

CASE SCENARIO 6

Pristine Limited, a listed entity, passed a resolution in its Board meeting for appointment of Arora & Associates, a Chartered Accountants firm, as Statutory Auditor of the company. The company obtained the consent in writing from Arora & Associates and also placed this recommendation before the general meeting of the shareholder and got it approved. The company thereafter informed the CA Firm about their appointment and also filed a notice of appointment with the Registrar

Companies within the prescribed time

Arora & Associates, Chartered Accountants firm is having 3 partners namely, A Arora, B Arora, C Arora. In this firm D Arora and M Arora were associates and were being paid on case-to-case basis and not on fixed salary

Prior to the appointment of Arora & Associates, the previous auditor was Agrawal Arora & Associates. In this CA firm there were 6 partners namely, Priya Agrawal, Mia Agrawal, Vishal Agrawal, Vyom Agrawal, D Arora and M Arora

D Arora and M Arora were common persons in both the firms

While working with Pristine Limited, Arora & Associates started facing a lot of issues with the management of the company. After some time, due to these disputes with the management, Arora & Associates resigned from the company

Question: 1

The newly appointed CA Firm (Arora & Associates) and retiring CA Firm (Agrawal Arora & Associates) have common persons i.e., D Arora and M Arora. Whether the appointment of Arora & Associates in Pristine Limited, is valid as per the provisions of the Companies Act, 2013:

- a) It is not valid since both the CA Firms (New and Old) have common persons
- b) D Arora and M Arora are the associates in Arora & Associates and not the partners, hence appointment of Arora & Associates, is valid**
- c) Arora & Associates should expel D Arora and M Arora in order to retain its appointment
- d) Agrawal Arora & Associates should expel D Arora and M Arora

Question: 2

What would have been the position if, D Arora and M Arora are partners in Arora & Associates:

- a) There will be no change in position
- b) There shall be no change and the Arora & Associates may continue as audit firm
- c) The appointment of Arora & Associates would not have been in terms of the provisions of the Companies Act, 2013**
- d) The company may obtain permission from the shareholders in the general meeting by way of Special Resolution for continuation of appointment of Arora &

Associates

Question: 3

In the given case, Arora & Associates due to some dispute with the management on some issues resigned from the company. Choose the correct option in respect to filling of this vacancy:

- a) Arora & Associates cannot resign and has to hold the office till the conclusion of the next annual general meeting
- b) **The resignation is tendered by the auditor, the Board of Directors shall appoint, new auditor within 30 days and such appointment shall also be approved by the shareholders in the general meeting within 3 months of the recommendation of the Board**
- c) This vacancy of auditor can be filled by the shareholders in consultation of the Central Government
- d) This vacancy of auditor can be filled by the Board of Directors in consultation of the Comptroller and Auditor-General of India

CASE SCENARIO 7

Perfect Tyres and Rubbers Limited is a listed entity engaged in the business of manufacturing of tyres and tubes for Light and Heavy Commercial Vehicles. During the financial year 2022-23, the company has declared interim dividend of 5% on the equity shares in its Board meeting held on 17th October, 2022, out of the profits earned during the first quarter of FY 2022-23. Further, the Board of Directors of the company after reviewing results of the fourth quarter of FY 2022-23 again recommended for second Interim Dividend @ 5% on 25th April, 2023.

The Board of Directors of the company approved the financial result for the FY 2022-23 in its meeting held on 5th August, 2023, and recommended a final dividend of 15% (including the interim dividends paid earlier) in this board meeting. The general meeting of the shareholders was convened on 31st August, 2023. The shareholders of the company demanded that since interim dividend @10% (5% +5%) was declared by the company, so the final dividend should not be less than 20% (including the interim dividends). When the Company Secretary emphasized that final dividend cannot exceed, what the Board of Directors have recommended in their board meeting, some of the shareholders boycotted the meeting and moved out of the meeting hall, in protest of the company's decision. However, the agenda for declaration of the dividend was passed unanimously by rest of the shareholders present in the meeting hall, fulfilling the criteria of requirement of quorum, as per the provisions of the Companies Act, 2013.

After approval of the shareholders the dividend amount was paid to the shareholders, however dividend to some of the shareholders could not be paid within the prescribed period for variety of reasons. The company transferred the unpaid dividend amount to a separate bank account on 15 October, 2023.

The details of the unpaid dividend amount for the previous year's lying in the unpaid dividend account is as under

S.No	Dividend Pertaining to the FY	Date of declaration of dividend	Date when the amount was transferred to unpaid dividend account	Amount lying in the unpaid dividend account
1	2022-23	31.08.2023	15.10.2023	92.50
2	2021-22	25.08.2022	28.09.2022	85.14
3	2020-21	20.08.2022	22.09.2021	80.00
4	2019-20	05.09.2020	07.10.2020	75.25
5	2018-19	01.09.2019	04.10.2019	45.15
6	2017-18	07.09.2018	09.10.2018	35.26
7	2016-17	05.05.2017	08.06.2017	15.10
8	2015-16	06.06.2016	08.07.2016	07.25

Sustram, one of the investors who is holding 1000 shares in physical form, by visiting web-site of the company, came to know that company had declared the dividends in some previous years, but have not been paid to him. This happened due to the fact the company was not having his current address and bank account details. Sustram approached the company, along with all the supporting evidence to his claim and demanded the dividend amount.

The company after being satisfied, paid all the dividend amount pertaining to the FY 2016-17 to FY 2022-23. However, for FY 2015-16, the company informed that since the amount of dividend has been transferred to Investor Education and Protection Fund, it cannot be taken back now. Aggrieved from this, Sustram threatened the company officials to take appropriate legal action.

Question:1

Which among the following is NOT correct?

- The Board can declare the Interim Dividend after approval of the financial results for the FY 2022-23.
- The Board cannot declare the Interim Dividend after approval of the financial results for the FY 2022-23.**
- After approval of the financial results for FY 2022-23, the Board can recommend for the final dividend only.
- The interim dividend can be declared by the board of directors and there is no need of shareholders' approval.

Question: 2

When the shareholders demanded for increase in the rate of dividend, but since the shareholders cannot increase the rate of dividend what the Board of Directors have recommended, some of them walked out of the meeting hall. What shall be the consequences of it:

- If, even after boycott, quorum is present, all the time during the course of general meeting and they have approved with majority, the rate recommended by the Board shall be treated as approved**
- Members present at the beginning of the meeting shall remain present all the

time during the general meeting, to approve any agenda, else it will be treated as nullified

- c) The approval of the dividend in an ordinary business resolution of the company, so if some of the members have boycotted the meeting, it will have no effect
- d) The recommendation of the Board of Directors of the company relating to the rate of dividend shall stand withdrawn

Question: 3

At which date, the unpaid dividend not claimed by the shareholders, shall be transferred to a separate bank account, in the above case:

- a) On 5th August, 2023 (the date of Meeting of Board)
- b) On 31st August, 2023 (the date of Meeting of Shareholders)
- c) On 30th September, 2023 (the date, after 30 days from the meeting of shareholders)
- d) Latest by 7th October, 2023 (within seven days from the date of expiry of 30 days)**

Question: 4

The company transferred the amount of unpaid dividend to a separate bank account on 15th October, 2023, which is beyond the prescribed period (in this case the 7th October, 2023 was the last date to deposit in a separate bank a/c).

What is the interest liability on the part of the company?

- a) Interest @6% p.a. on so much of the amount as has not been transferred to the Unpaid Dividend Account.
- b) Interest @10% p.a. on so much of the amount as has not been transferred to the Unpaid Dividend Account.
- c) Interest @ 12% p.a. on so much of the amount as has not been transferred to the Unpaid Dividend Account.**
- d) Interest @ 15% p.a. on so much of the amount as has not been transferred to the Unpaid Dividend Account.

Question: 5

- a) Four years after 01.09.2019; 45.15 lakh
- b) Five years after 07.09.2018; 35.26 lakh
- c) Six years after 05.05.2017; 15.10 lakh
- d) Seven years after 08.07.2016; 7.25 lakh**

Question: 6

The unpaid dividend amount once transferred by the company to Investor Education and Protection Fund (IEPF) cannot be withdrawn. Do you agree:

- a) Yes, the unpaid dividend amount once transferred to (IEPF) cannot be withdrawn.
- b) The unpaid dividend amount cannot be withdrawn in full, but it shall be released after deducting of 25% of the amount due and rest will be utilized for the investor's education

- c) The unpaid dividend amount cannot be withdrawn in full, but is shall be released on 50% of the amount due and rest 50% will be utilized for the investors education
- d) **The unpaid dividend amount can be withdrawn by submitting an online application in Form IEPF-5 with all the supporting vouchers in original to the Nodal officer of the concerned company and adhering to the further instructions given by the Nodal Office.**

CASE SCENARIO 8

Shree Tyres Limited is an unlisted public limited company. The company's accounts for the financial year ending on 31st March, 2023 were finalized and audited by the Statutory Auditor. The meeting of the Board of Directors was convened and approved the financial accounts of the company and proposed to convene the Annual General Meeting of the shareholders on Thursday, the 25th August, 2023 at 10 am

The total number of members is 3500. The Article of the company provides that the quorum for the general meeting of the shareholders shall be at least fifty members. On the day of the meeting only 10 members were physically present. Even after waiting of 30 minutes, the quorum was not present Accordingly, the meeting was adjourned. According to the provisions of the Companies Act, 2013, the meeting shall adjourn to the same day in the next week at the same time and place.

However, on the same day in the next week i.e., on Thursday, the 1st September, 2023, the same venue (which is a Hotel's Conference Hall) was available from 3 pm only. The Board agreed to conduct the meeting from 3 pm and the all the members were informed individually via mail and also published it in the newspapers (one in English and another in vernacular language)

The adjourned meeting started at 3 pm on 1st September, 2023, the quorum required as per the Articles was 50, however 75 members were present. Out of the 75 members attending the meeting 25 persons were having the residence near the venue of Annual General Meeting and rest of the members were staying far away. Due to heavy rainfall and scarce availability of public transportation, 40 persons left the meeting so that they can reach home on time. By that time only the ordinary business resolutions were approved and two special business agendas were pending for approval by the members

Question: 1

In the light of the given facts, the General Meeting of the shareholders was decided to be scheduled. Determine by which date the notices to the shareholder should have been given to the members:

- a) 1st August, 2023
- b) 2nd August, 2023
- c) **3rd August, 2023**
- d) 4th August, 2023

Question: 2

Whether adjournment of the general meeting of shareholders of Shree Tyres Limited for

want of quorum, was justified as per the requirement of the Companies Act, 2013:

- a) **Yes, it was justified, since the quorum was not present within 30 minutes from the time appointed for holding the meeting**
- b) No, it was not justified since the waiting time for the arrival of the requisite quorum is 30 minutes as per the provisions of the Companies Act, 2013, whereas the decision of the adjournment of the meeting was just taken after 15 minutes
- c) Yes, if the quorum is not present at the given time (sharp) of meeting, the meeting stands to be adjourned, and there is no requirement of waiting time.
- d) Yes, it was justified, since the quorum was not present within 45 minutes (as per statutory requirement) from the time appointed for holding the meeting

Question: 3

What shall be the quorum for the General Meeting of the Shareholders, where the number of members is 3500:

- a) Five
- b) Fifteen
- c) Thirty
- d) **Fifty**

Question: 4

As some members left the meeting, the quorum was not present all the time during the Annual General Meeting. The agendas for special business transactions remained un-approved. What is your opinion:

- a) The quorum once present in the beginning of the meeting is enough.
- b) **The quorum should be present all the time when the meeting is in progress. Any items which could not approved by members for want of quorum, shall be treated as NIL.**
- c) When the quorum is present in the beginning of the meeting, it may be assumed that all the resolutions have been approved, until and unless objected later on by the members present therein.
- d) The Board may seek special written consent from the all the members later on

CASE SCENARIO 9

Tejas Infra Limited was incorporated by Tejasvi Singh and his wife Meenakshi along with seven other family members in the year 2001 with an aim to undertake infrastructure projects relating to transportation in the country. The company had successfully completed construction of roads and canals in Delhi, UP and Chandigarh and rose to become one of the prominent construction companies in India

The Registered Office of the company is situated in Connaught Place, New Delhi with a capital base of Rs. 100 crores divided into ten crores equity shares of Rs.10 each. The company has eight directors of which three are independent directors. In the year 2019, the company got new projects from the State Government of Punjab to build four flyovers and underpasses in different cities of Punjab

In order to increase its capital base, Tejas Infra Limited decided to issue 1,00,000

preference shares of Rs. 100 each to the existing shareholders. For this, purpose it was decided to increase the Authorized Capital by Rs. 500,00,000 divided into 5,00,000 shares of Rs. 100 each

The projects went off well and the turnover rose to the tune of Rs. 3600 crores in the immediately preceding financial year 2022-23. The net worth of the company stood at Rs. 550 crores

As they crossed the threshold limit in the immediately preceding financial year 2022-23, a Board level Committee headed by one of the independent directors, namely, Paritosh was constituted to allocate budget, review the progress and provide guidance on various Corporate Social Responsibility (CSR) and sustainability initiatives. It was decided to spend the requisite amount towards skill development, vocational training, provision of safe drinking water facility, etc. Lokesh, one of the directors, is also a member of this Corporate Social Responsibility Committee. He is in favour of Janta Andolan Manch, a political party. This party is quite prominent in undertaking social work. As per his advice, the Board by a unanimous resolution resolved to contribute Rs. 5,00,000 to the said political party i.e. Janta Andolan Manch and to treat such contribution as part of CSR activity.

Question: 1

From the case scenario, it is evident that Tejas Infra Limited decided to issue 1,00,000 preference shares of Rs. 100 each to the existing shareholders. From the options given below choose the one which indicates the maximum period which is permitted to the company for redemption of preference shares

- a) Tejas Infra Limited being involved in infrastructural activities is permitted to specify maximum period of thirty-five years for redemption of preference shares subject to the condition that it shall redeem minimum 20% of preference shares per year commencing from 31st year onwards or earlier, on proportionate basis at the option of preference shareholders
- b) Tejas Infra Limited being involved in infrastructural activities is permitted to specify maximum period of thirty-five years for redemption of preference shares subject to the condition that it shall redeem minimum 10% of preference shares per year commencing from 26th year onwards or earlier, on proportionate basis at the option of preference shareholders
- c) Tejas Infra Limited being involved in infrastructural activities is permitted to specify maximum period of thirty years for redemption of preference shares subject to the condition that it shall redeem minimum 10% of preference shares per year commencing from 21st year onwards or earlier, on proportionate basis, at the option of preference shareholders**
- d) Tejas Infra Limited being involved in infrastructural activities is permitted to specify maximum period of thirty years for redemption of preference shares subject to the condition that it shall redeem minimum 20% of preference shares per year commencing from 26th year onwards or earlier, on proportionate basis, at the option of preference shareholders

Question: 2

The case scenario states that the turnover of Tejas Infra Limited rose to the tune of Rs. 3600 crores and net worth of the company stood at Rs. 550 crores in the immediately preceding financial year 2022-23 which required formation of CSR Committee. What is the third criterion which if crossed shall also require that a CSR Committee be formed. Choose the correct option from those stated below

- a) The third criterion which also requires formation of CSR Committee is that the company has net profit of Rs. two crores or more in the immediately preceding financial year.
- b) The third criterion which also requires formation of CSR Committee is that the O company has net profit of Rs. three crores or more in the immediately preceding financial year.
- c) The third criterion which also requires formation of CSR Committee is that the O company has net profit of Rs. five crores or more in the immediately preceding financial year.**
- d) The third criterion which also requires formation of CSR Committee is that the company has net profit of Rs. six crores or more in the immediately preceding financial year.

Question: 3

According. to the legal provisions, it is mandatory to redeem preference shares at the stipulated time. Keeping in view the above case scenario, which source is required to be used by Tejas Infra Limited for the redemption of outstanding preference shares:

- a) Tejas Infra Limited is required to redeem preference shares out of the profits which would otherwise be available for dividend
- b) Tejas Infra Limited is required to redeem preference shares out of the proceeds of a fresh issue of shares made for the purposes of such redemption.
- c) Both (a) and (b).**
- d) Tejas Infra Limited is required to redeem preference shares out of its Capital Redemption Reserve

Question: 4

While constituting a CSR Committee, how many minimum directors are required to be appointed by Tejas Infra Limited:

- a) CSR Committee formed by Tejas Infra Limited shall have minimum two directors
- b) CSR Committee formed by Tejas Infra Limited shall have minimum three directors of which at least one director shall be an independent director.**
- c) CSR Committee formed by Tejas Infra Limited shall have minimum four directors of which at least one director shall be an independent director.
- d) CSR Committee formed by Tejas Infra Limited shall have minimum four directors of which at least two directors shall be independent director.

CASE SCENARIO 10

ACC Private Limited was incorporated in July 2001. Its shares are listed on BSE and NSE. It

is registered with an authorized share capital of 20 crore divided into 2 crore equity shares of 10/- each. The paid-up share capital of the company is 10 crore divided into 1 crore equity shares of 10/- each.

The Board of Directors of the company in their meeting held on 11th August, 2023 declared interim dividend. The Annual General Meeting of the company was held on 15th September, 2023. The company had incurred losses in the previous financial year as well as in the current financial year up to the period ended June 30, 2023. In the previous five financial years, the company had declared the dividend as under.

Financial Year Ended	Dividend declared per share (')	Dividend declared rate (%)
March 31, 2023	Nil	Nil
March 31, 2022	1.00	10%
March 31, 2021	1.10	11%
March 31, 2020	1.30	13%
March 31, 2019	1.20	12%

The company has deposited the amount of dividend declared in a separate account with ABC Bank on August 14, 2023. Out of the total dividend declared, 60,000 payable to few equity shareholders remains unclaimed even after the expiry of statutory period within which dividend was required to be paid and had been transferred to a separate bank account Unpaid Dividend Account! on 20th September 2023. The company prepares a statement containing the names of shareholders, their last known address and the unpaid dividend amount to such each shareholder and place on its website

Meanwhile, the company obtained a term loan of 15 crore from Laxmi Bank Limited on August 20, 2023, securing it with a charge on the company's assets, including its own buildings (in India and Germany) and intangible assets (trademark right over the company's logo). According to the Companies Act, 2013, the company was required to register this charge with the Registrar within a specified timeframe. However, the company failed to complete the registration process within the prescribed timeline.

The Board of Directors has requested their Company Secretary to confirm them whether they are required to incur expenditure towards Corporate Social Responsibility during the financial year 2023-2024 and is required to constitute CSR committee.

The financial particulars in respect of immediately preceding financial year are as under:

S. No.	Particulars	Amount (in crore)
1	Net worth	100
2	Turnover	1010
3	Net Profit	4.9
4	Borrowings	60

Question:1

The company can create charge in favour of the lender on the assets which are:

- Tangible Assets and situated in India only
- Intangible Assets and situated in India only
- Assets that are tangible or otherwise and situated in India or Germany**
- Assets that are tangible or otherwise and situated in India only

Question: 2

The maximum rate at which interim dividend can be declared by the Board during the current financial year is as under:

- (a) The board cannot declare the interim dividend at a rate higher than the average dividend declared by the company immediately during preceding two financial years i.e. 5%.
- (b) **The board cannot declare the interim dividend at a rate higher than the average dividend declared by the company immediately during preceding three financial years, i.e. 7%.**
- (c) The board cannot declare the interim dividend at a rate higher than the average dividend declared by the company immediately during preceding four financial years, i.e. 8.5%.
- (d) The board cannot declare the interim dividend at a rate higher than the average dividend declared by the company immediately during preceding five financial years i.e. 9.2%.

Question:3

In respect of dividend declared which of the Statement is not correct?

- a) The company has transferred the dividend amount to separate bank account within 5 days from the date of declaration of dividend.
- b) The company is required to pay dividend within 30 days from the date of declaration of dividend.
- c) **The company is required to transfer the Unpaid dividend to a separate bank account within 10 days from the date of expiry of statutory period from the date of declaration of dividend**
- d) The company is required to prepare a statement containing the names of shareholders, their last known address and the unpaid dividend amount to such each shareholder and place on its website within 90 days from the date of transferring the amount to Unpaid Dividend Account

Question: 4

Choose the correct option in terms that whether the provisions of Corporate Social Responsibility are applicable to ACC Private Limited.

- a) The provisions of Corporate Social Responsibility are not applicable to ACC Private Limited as it is a private limited company.
- b) **Yes, as ACC Private Limited is having turnover of more than Rs. 1000 crore.**
- c) Yes, as ACC Private Limited is having net profit of more than Rs. 2.5 crore in the immediately preceding financial year.
- d) Yes, as ACC Private Limited is having net worth of more than Rs. 50 crore in the immediately preceding financial year.

Question:5

The notice for the Annual General Meeting should be served by.

a) 6th August 2023

b) 7th August 2023

c) 8th August 2023

d) 10th August 2023

CASE SCENARIO 11

Sudeep and Ankit are very fast friend since long. They decided to run a service unit which will provide "Financial and Investment Consultancy Services". For this purpose, they formed a limited liability partnership under the name M/s Etharkkum Advisors LLP on 17th April 2020. For this purpose, they prepared a Limited Liability Partnership Deed of which one of the clauses provides that a new partner may be admitted in the LLP with capital contribution which may be in kind or cash. Further new partner is also required to deposit the agreed amount of capital contribution within six months from the date of his admission

After some time, office of the firm was destroyed due to an earthquake and the LLP was in urgent need of an office premises and some funds for some renovation work.

If is also informed that M/s Etharkkum Advisors LLP approached Manoj on 1st January 2023 to join the firm as third partner. Manoj was out of India for the period from 15 September 2021 to 23'd December 2022. He agreed to join the LLP and also agreed to contribute his office premises at Sanjay Place, Palwal and funds of 5,00,000 as Capital Contribution in the firm. Manoj joined the firm on 25th January 2023 as limited liability partner. The above said office premises was purchased by Manoj five years ago for 25,00,000 but the fair market value of this office on 25th January 2023 was 32,25,000 and on 15th January 2023 was 30,00,000. Manoj has provided his office to the firm with effect from his admission and promised to deposit the agreed amount of 5,00,000 within six months as provided in the partnership deed. Before Manoj could deposit the amount with the firm, it was dissolved. Manoj denied to deposit the amount of 5,00,000 with the contention that he is liable only upto the amount contributed in the firm on the date of dissolution. A creditor of the firm sued Manoj to deposit the said amount so that the firm may pay off his liability

Question:1

Whether Manoj could 'be considered as resident or not as per the Limited Liability Act, 2008?

- a) Manoj could not be considered resident in India as he was not in India for 182 days in preceding one year
- b) Manoj could not be considered resident in India as he was not in India for 120 days in preceding one year i.e., only for 33 days from 24th December 2022 to 25th January 2023
- c) Manoj could not be considered as he was not in India for 182 days during the financial year
- d) **Manoj will be considered as resident in India as he was in India for 120 days during the financial year (2021-2022)**

Question: 2

What would be the worth of Capital Contribution by Manoj?

- a) Rs. 25,00,000
- b) Rs. 32,25,000
- c) **Rs. 37,25,000**
- d) Rs.35,00,000

Question: 3

Whether Manoj will be liable to contribute Rs. 5,00,000 after dissolution of the firm?

- a) Yes, because a partner is personally liable for the deficiency arising at the time of dissolution of LLP.
- b) No, because a partner is never personally liable for the deficiency arose at the time of dissolution of LLP.
- c) **Yes, the partner s under obligation to contribute money also lo LLP as per the agreement.**
- d) No, because a partner is personally liable only upto the amount contributed to the LLP on the date of dissolution of LLP

Question: 4

What would be the worth of Capital Contribution by Manoj?

- a) Rs. 25,00,000
- b) Rs. 32,25,000
- c) **Rs. 37,25,000**
- d) Rs. 35,00,000

Question:5

Whether Manoj could be considered as resident or not as per the Limited Liability Act, 2008?

- a) Manoj could not be considered resident in India as he was not in India for 182 day in preceding one year
- b) Manoj could not be considered resident in India as he was not in India for 120 days in preceding one year i.e. only for 33 days from 24th December 2022 to 25th January 2023
- c) Manoj could not be considered as he was not in India for 182 days during the financial year
- d) **Manoj will be considered as resident in India as he was in India for 120 days during the financial year (2021-2022)**

CASE SCENARIO 12

M/s Aryan & Aryan LLP was registered on 2nd July 2019. Sudeep and Ankit were partners in the firm. Both Sudeep and Ankit were also the designated partners in this firm. The LLP deals in manufacturing and trading of electric ceiling fans. One day Sudeep met with Mr. Kishore, a director of Krtiken Electronics Private Limited. After discussion, Mr. Kishore showed interest that Krtiken Electronics Private Limited may work with M/s Aryan &

Aryan LLP as partner.

Krtiken Electronics Private Limited was incorporated on 1 June 2017 with the object to deal in electronics. The memorandum and articles of association of Krtiken Electronics Private Limited also authorized it to work as partner in a LLP

The partners of M/s Aryan & Aryan LLP and directors of Krtiken Electronics Private Limited approached a professional consultant Mrs. Archika Jain for providing the procedure for adding Krtiken Electronics Private Limited as a partner in M/s Aryan & Aryan LLP. She advised that Krtiken Electronics Private Limited could not be the partner in M/S Aryan & Aryan LLP because as per Limited Liability Partnership Act 2008, an individual or a body corporate can be a partner in LLP. She informed that the term 'body corporate' was defined in the Limited Liability Partnership Act 2008 as a company which is defined in section 3 of the Companies Act, 1956. As Krtiken Electronics Private Limited is registered under Companies Act 2013, it cannot be termed as body corporate. On the advice of Mrs. Archika Jain, M/s Aryan & Aryan LLP dropped the idea to add Krtiken Electronics Private Limited

It is further informed that Ms. Shanaya was admitted as a new partner in the firm on 17th January 2024. The firm intimated the registrar about her admission on 31 January 2024. On 3rd February 2024, while going to office Ms. Shanaya met with an accident and lost her memory. The doctor declared her of unsound mind to work as partner in M/s Aryan & Aryan LLP. It was also confirmed by a competent court.

Question: 1

Whether Krtiken Electronics Private Limited could be partner in M/s Aryan & Aryan LLP?

- a) No, as Krtiken Electronics Private Limited is not a body corporate as per of "Body Corporate" given in Limited Liability Partnership Act, 2008.
- b) Yes, because section 8 of the General Clauses Act, 1897 provides where any 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. Therefore, after the enactment of Companies Act, 2013, the definition of "Body Corporate" should be construed as a company which is defined in section 2(20) of the Companies Act, 2013**
- c) No, as provisions of section 8 of the General Clauses Act, 1897 will not be applicable because the Limited Liability Partnership (Amendment) Act, 2021, which amended the definition of "Body Corporate" considering the company registered under Companies Act, 2013, come to effect from 01.04.2022.
- d) Yes, as the provisions of the General Clauses Act, 1897 are not applicable while interpreting the provisions of the Limited Liability Partnership Act, 2008

Question: 2

Following the provisions of Limited Liability Act, 2008 read with the General Clauses Act,

1897, what should be the last date to inform the registrar about the admission of Ms. Shanaya

- a) 15th February 2024
- b) 16th February 2024**
- c) 17th February 2024
- d) 18th February 2021

Question: 3

What would be the status of Ms. Shanaya in the firm, M/s Aryan & Aryan LLP after the accident?

- a) She would continue as a partner in M/s Aryan & Aryan LLP even after being declared as of unsound mind.
- b) Section 24(2) of the Limited Liability Partnership Act, 2008 provides that a person shall cease to be a partner of a LLP if he is declared to be of unsound mind by a competent court. As this sub-section provides only for male person ("he"), she would continue as a partner in M/s Aryan & Aryan LLP.
- c) Following the provisions of the General Clauses Act, 1897 which provides that in all legislations and regulations, unless there is anything repugnant in the subject or context words importing the masculine gender shall be taken to include females Hence, Ms. Shanaya will cease to be a partner M/s Aryan & Aryan LLP.**
- d) She can continue as partner if all other partners agree for that

CASE SCENARIO 13

HBL Private Limited is a project engineering, procurement and construction company. The company has bagged a contract from the Government of State of Tamil Nadu for construction of Water Dam. The company has involved a project consultancy firm situated in Netherlands for preparing techno-economic feasibility report to enable it to start construction work of dam. The company had paid USD 7,000,000 to vendor of Netherlands.

The company also availed the services of Software Company situated in UK for the migration of its accounting software from SAP to Oracle for which the Company had paid USD 2,000,000 to the software company.

Question: 1

Considering the provisions of Foreign Exchange Management Act, 1999, which of the below mentioned statement is correct:

- a) The company can make payment of USD 7,000,000 and USD 2,000,000 without any approval
- b) The company can make payment of USD 7,000,000 without any approval and USD 2,000,000 after obtaining prior approval of the Reserve Bank of India (RBI).**
- c) The company can make payment of USD 7,000,000 and USD 2,000,000 after obtaining prior approval of RBI

- d) The company can make payment of USD 7,000,000 after obtaining prior approval of RBI and USD 2,000,000 without any approval

Question: 2

Under FEMA regulations, what kind of transaction is HBL Private Limited's payment to the consultancy firm in the Netherlands classified as?

Choose the most appropriate option.

- a) **Current account transaction**
- b) Capital account transaction
- c) Domestic transaction
- d) Non-resident transaction

Question: 3

If HBL Private Limited makes a payment of USD 2,000,000 to a UK software company, which FEMA regulation category does this fall under?

- a) Foreign Direct Investment (FDI)
- b) External Commercial Borrowing (ECB)
- c) **Current Account Transaction**
- d) Capital Account Transaction

CASE SCENARIO 14

In the heart of the city of Mumbai, Mona, a diligent entrepreneur carries trading business. As Mona expanded her business globally, she experienced various situations involving current account transactions and permissible capital transactions under the Foreign Exchange Management Act, 1999. Since, Mona was growing with leap and bounds and flourishing, so decided to expand its business. She decided to have a branch in Europe. In order to go with the legal requirements and smooth functioning, Mona decided to seek expert advise

Answer the following MCQs as per the FEMA, 1999 read with the relevant Rules and Regulations:

Question:1

Which of the following activities is NOT typically considered a current account transaction under FEMA?

- a) Importing raw materials for business
- b) Paying for business travel expenses abroad
- c) **Receiving dividends from foreign investments**
- d) Transferring funds for family maintenance abroad

Question:2

Mona's company imports machinery from a foreign supplier. What type of current account transaction does this represent?

- a) Export of goods
- b) **Import of goods**

- c) Export of services
- d) Import of services

Question: 3

Which of the following transactions is considered a permissible capital account transaction under FEMA?

- a) Investing in foreign stocks**
- b) Paying for overseas education expenses
- c) Importing machinery for business use
- d) Receiving gifts from a non-resident relative

Question: 4

Mona plans to acquire shares of a foreign company listed on a stock exchange outside India. What regulation should she consider under the FEMA?

- a) There are no regulations governing foreign investments in stocks
- b) She must obtain prior approval from the Reserve Bank of India (RBI)**
- c) She can freely invest without any restrictions
- d) She must inform the Central Government about her investment

Question: 5

What is the reporting requirement for current account transactions under the FEMA?

- a) No reporting is necessary for current account transactions
- b) Monthly reporting to the RBI
- c) Annual reporting to the Income Tax Department
- d) Reporting as and when required by the authorized dealer bank**

Question: 6

What is a legal requirement under the FEMA (Foreign Exchange Management Act) when a company plans to open a branch outside India?

- a) The company can freely open a branch without any legal formalities.
- b) The company must obtain prior approval from the Reserve Bank of India (RBI).**
- c) The company only needs to inform the Ministry of External Affairs (MEA) about its decision.
- d) The company is not required to inform any RBI

CASE SCENARIO 15

Sara, an Indian citizen, recently got a job offer from a multinational company based in Malaysia. She is considering for relocating to Singapore for employment. However, she wants to understand the implications of her residential status on her current account transactions in India. She seek the advise of Mr. X the FEMA consultant on the following issues:

Question: 1.

Which of the following criteria determines an individual's residential status under the Foreign Exchange Management Act (FEMA), 1999?

- a) Citizenship only
- b) Place of birth only
- c) Duration of stay in India**
- d) Marital status only

Question: 2

If Sara stays in India for 182 days or more during a preceding financial year, what would be her residential status under the FEMA, 1999 for Current Financial Year?

- a) Resident**
- b) Non-resident
- c) Ordinarily resident
- d) Not applicable

Question:3

How does residential status 'affect Sara's current account transactions in India?

- a) No impact on current account transactions**
- b) Restrictions on receiving salary from a foreign employer
- c) Limitations on remittances for personal expenses abroad
- d) Mandatory conversion of foreign currency earnings into Indian rupees

Question: 4

Which of the following transactions falls under the permissible activities listed in the Third Schedule of the FEMA, 1999?

- a) Investing in foreign securities
- b) Purchasing immovable property abroad for residential purposes
- c) Opening a bank account in a foreign country
- d) Receiving gifts from a non-resident relative**

Question: 5

If Sara becomes a non-resident under the FEMA, 1999, what happens to her current account transactions in India?

- a) She can no longer conduct any current account transactions in India.
- b) She must close her current account within a specified period.
- c) She can continue to conduct current account transactions subject to certain conditions.**
- d) She can only conduct current account transactions through her foreign bank account

CASE SCENARIO 16

The government has recently enacted several new laws aimed at promoting environmental conservation and for safety of the people. However, due to the complexity of these laws, there's confusion among the citizens regarding certain provisions and their

applicability. The Indian Legal Society decides to organize a seminar to educate the public on the General Clauses Act, 1897, which provides interpretation rules for statutes. You, as a participant, are given a set of MCQs to test your understanding on the enforcement of the newly enacted laws

Question: 1

In the context of the General Clauses Act, 1897, section 3, which deals with the interpretation of the term "person", state which statement is comprising of correct set of person:

- a) **Company, housing societies, and charitable trusts.**
- b) Club, Group of person waiting for a bus, Firms
- c) Statutory body, Corporation, Partnership firm
- d) The term person is not defined under the Act

Question: 2

According to the General Clauses Act, 1897, when does the provision for gender interpretation apply?

- a) Only in statutes enacted after 1897
- b) Only in statutes enacted before 1897
- c) **To all statutes, regardless of enactment date**
- d) Only in specific cases mentioned in the Act

Question: 3

Which as per the section of the General Clauses Act, 1897, provides correct legal requirements for the computation of time mentioned in statutes?

- a) Rules for computing time shall be as mentioned in the General Clauses Act including the exclusion of the first and inclusion of the last day
- b) Rules for computing time mentioned in statutes, including the first and excluding of the last day
- c) Rules for computing time mentioned in General Clauses Act, excluding the first and including of the last day.
- d) **Rules for computing time mentioned in statutes, including the exclusion of the first and inclusion of the last day**

Question: 4

In the General Clauses Act, 1897, what does "expressions referring to writing shall be construed as including references to printing, lithography, photography, and other modes of representing or reproducing words in visible form" means?

- a) It only applies to statutes enacted after the advent of lithography
- b) **It applies to all statutes and includes modern methods of reproducing words**
- c) It excludes printing and lithography from interpretation
- d) It is applicable only to specific cases mentioned in the Act

Question: 5

According to the General Clauses Act, 1897, what is the rule regarding repeal and savings clauses in statutes?

- a) Repeal clauses have no effect if not expressly provided
- b) Savings clauses prevail over repeal clauses**
- c) Repeal and savings clauses have equal effect
- d) Savings clauses are only applicable if expressly provided

CASE SCENARIO 17

Brightstar LLP is an Indian limited liability partnership specializing in technology consulting. The LLP has five partners, including two designated partners, Anita and Rajesh. Recently, Brightstar LLP decided to adopt a common seal to formalize certain important documents. The common seal is kept under the custody of the company secretary, who ensures its safekeeping.

One of Brightstar's major clients, TechNova, requires all official agreements to be affixed with Brightstar's common seal. Consequently, when finalizing a new contract with TechNova, Anita and Rajesh, as the designated partners, affixed the common seal in their presence, as per the company's policy.

Meanwhile, Brightstar LLP is expanding its operations and considering a partnership with GlobalTech LLP, a foreign LLP incorporated in the United States that has established a place of business in Bangalore, India. This potential partnership aims to leverage GlobalTech's international expertise to enhance Brightstar's service offerings.

Question:1

Is it mandatory for an LLP to have a common seal?

- a) Yes, every LLP must have a common seal
- b) No, it is optional for an LLP to have a common seal**
- c) Yes, but only if the LLP has more than three partners.
- d) No, an LLP cannot have a common seal under any circumstances

Question: 2

Who must be present when the common seal of an LLP is affixed to a document?

- a) Any two partners of the LLP
- b) Any one designated partner and one partner
- c) At least two designated partners of the LLP**
- d) The company secretary and any one partner

Question:3

Where must 'any form or application of document required to be filed or delivered under the Act, be filed?

- a) At the LLP's registered office
- b) Only at the Registrar of Companies office.
- c) In computer-readable electronic form on the MCA website**
- d) Only in hard copy to the Ministry of Corporate Affairs

Question: 4

How must documents filed on the MCA website be authenticated?

- a) By physical signature of any partner.
- b) By physical signature of a designated partner.
- c) **By electronic or digital signature of a partner or designated partner.**
- d) By the common seal of the LLP

Question: 5

Can a foreign LLP become a partner in an Indian LLP?

- a) No, foreign entities cannot become partners in Indian LLPs
- b) Yes, but only if they incorporate a subsidiary in India.
- c) **Yes, a foreign LLP can become a partner in an Indian LLP.**
- d) No, unless they receive special permission from the High Court within whose jurisdiction the LLP falls

Question: 6

In the context of the scenario, what must be done to ensure the common seal is properly affixed to the contract with TechNova?

- a) The common seal must be affixed by the company secretary alone
- b) **The common seal must be affixed in the presence of Anila and Rajesh, the designated partners.**
- c) The common seal must be affixed by any two partners of the LLP.
- d) The common seal must be affixed by TechNova's representative in the presence of Brightstar's partners.

CASE SCENARIO 18

GreenLeaf LLP is an Indian limited liability partnership engaged in the business of eco-friendly product manufacturing. The LLP was initially established with three partners: Priya, Sameer, and EcoCorp Ltd., a corporate entity. Priya and Sameer are the designated partners, with Priya being a resident in India, EcoCorp Ltd. has appointed Anil, an individual, as its nominee to act on its behalf.

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

Answer the Multiple-Choice Questions on the basis of the Limited Liability Partnership Act, 2008.

Question:1

What is the minimum number of partners required for an LLP to legally operate?

- a) One
- b) **Two**

- c) Three
- d) Four

Question: 2

If an LLP continues business for more than six months with only one partner, who is personally liable for the obligations incurred during that period?

- a) **The remaining partner with knowledge of the situation**
- b) Only the LLP itself
- c) Only the designated partner(s)
- d) Only the corporate entity partner

Question: 3

In GreenLeaf LLP, after Sameer retires from the LLP, who among the following can act as a designated partner?

- a) Only Priya
- b) Only Anil
- c) **Both Priya and Anil**
- d) Only EcoCorp Ltd.

Question: 4

According to the LLP Act, who must be a resident in India among the designated partners?

- a) **At least one designated partner**
- b) All designated partners
- c) Only corporate partners
- d) At least two designated partners

Question: 5

In the event that all partners in an LLP are bodies corporate, who can act as designated partners?

- a) The bodies corporate themselves
- b) The individuals as decided by the Registrar
- c) **At least two individuals who are partners of such LLP or nominees of such bodies corporate shall act as designated partners**
- d) The individuals as appointed by the Ministry of Corporate Affairs

Question: 6

Given that Sameer retired and GreenLeaf LLP continued with only Priya and EcoCorp Ltd., what should GreenLeaf LLP have done within six months to comply with the LLP Act?

- a) Dissolved the LLP
- b) Continued operation with one partner
- c) Appointed at least one body corporate
- d) **Appointed at least one more partner who should also be a designated partner, as every LLP should have at least two designated partners**

Question:7

What is the consequence if an LLP continues business with only one partner for more than six months, according to the LLP Act?

- a) The LLP is automatically dissolved
- b) The LLP is only liable to pay a fine
- c) The remaining partner becomes personally liable for the LLPs obligations during that period**
- d) No consequences

CASE SCENARIO 19

TechGenius Ltd, is a technology company listed on the Indian stock exchange. The company has a nominal or face value of Rs. 10 per share. For the financial year ending March 31, 2024, TechGenius Ltd. reported significant profits after providing for depreciation in accordance with Schedule II of the Companies Act, 2013. The board of directors decided to declare a final dividend of 15% on the nominal value of the shares. TechGenius Ltd. also has undistributed profits from previous financial years, which were also arrived at after providing for depreciation according to Schedule II. These profits, along with the current year's profits, were considered while declaring the dividend.

The declared dividend amount, including any interim dividend previously declared during the year, was always deposited into a separate account with a scheduled bank within 5 days of the declaration, as required by Section 123(4) of the Companies Act.

One of the shareholders, Mr. Sharma, instructed TechGenius Ltd. to pay his dividend to a specific bank account held with Bank XYZ. The company complied, and the payment was made accordingly.

Separately, Ms. Kapoor purchased shares of TechGenius Ltd. from Mr. Verma. Although Ms. Kapoor made the full payment to Mr. Verma, her name was not yet entered in the Register of Members at the time of the dividend declaration. Consequently, the dividend was paid to Mr. Verma, the registered shareholder, and not to Ms. Kapoor.

Give your answer as per the provisions of the Companies Act, 2013.

Question: 1

What is the declared dividend percentage based on in TechGenius Ltd.?

- a) Market value of the share
- b) Book value of the share
- c) Nominal or face value of the share**
- d) Free reserves of the company

Question: 2

According to the Companies Act, 2013, within how many days must the declared dividend be deposited in a separate account with a scheduled bank?

- a) 2 days
- b) 5 days**
- c) 10 days

- d) 15 days

Question: 3

If a shareholder requests their dividend to be paid to a specific banker and the company complies, how is this payment deemed?

- a) As an advance payment to the shareholder
- b) As a loan to the shareholder
- c) As a payment made directly to the shareholder**
- d) As a payment to the company's reserves

Question: 4

In the case where Ms. Kapoor purchased shares from Mr. Verma, but her name was not entered in the Register of Members, who is entitled to receive the dividend?

- a) Ms. Kapoor
- b) Mr. Verma**
- c) Both Ms. Kapoor and Mr. Verma
- d) The dividend will not be paid to anyone

Question: 5

If Mr. Sharma instructed TechGenius Ltd. to pay his dividend to a specific bank account held with Bank XYZ, how is this payment considered under the Companies Act, 2013?

- a) Payment to Mr. Sharma's agent
- b) Payment to Mr. Sharma himself**
- c) Payment to Bank XYZ and not to Mr. Sharma
- d) Payment held in escrow

Question: 6

As per the Companies Act, 2013, the profits used to declare the dividend must be arrived at after providing for depreciation in accordance with which schedule?

- a) Schedule I
- b) Schedule II**
- c) Schedule III
- d) Schedule IV

CASE SCENARIO 20

ABC Consulting LLP is a newly formed limited liability partnership specializing in providing consultancy services to various industries. The LLP is composed of the following partners:

1. XYZ Pvt Ltd, a body corporate based in India
2. DEF Ltd, a body corporate based in the UK
3. Mr. Arun Sharma, an individual residing in India
4. Ms. Emily Brown, an individual residing in the UK

The partners are in the process of complying with the provisions of the Limited Liability Partnership Act, 2008, regarding the appointment of designated partners and obtaining

the necessary identification numbers

ABC Consulting LLP is a newly formed limited liability partnership specializing in providing

consultancy services to various industries. The LLP is composed of the following partners:

1. XYZ Pvt. Ltd, a body corporate based in India
2. DEF Ltd, a body corporate based in the UK
3. Mr. Arun Sharma, an individual residing in India
4. Ms. Emily Brown, an individual residing in the UK.

The partners are in the process of complying with the provisions of the Limited Liability Partnership Act, 2008, regarding the appointment of designated partners and obtaining the necessary

identification numbers

Question: 1

Who can be appointed as the designated partners of ABC Consulting LLP?

- a) Only Ms. Emily Brown
- b) Only non resident nominee of DEF Ltd
- c) Only Ms. Emily Brown and non resident nominee of DEF Ltd.
- d) Mr. Arun Sharma, Ms. Emily Brown, nominee of XYZ Pvt. Ltd and nominee of DEF Ltd.**

Question: 2

Given the partners in ABC Consulting LLP, how many designated partners are required to be residents in India?

- a) None
- b) One
- c) Two
- d) At least one, with no upper limit specified**

Question: 3

If DEF Ltd. wants to appoint a nominee as a designated partner, what is the requirement for this nominee?

- a) The nominee must be an employee of DEF Ltd.
- b) The nominee must be an individual and must obtain a DPIN from the Central Government.**
- c) The nominee has to be another body corporate.
- d) The nominee must reside in the UK.

Question: 4

Suppose in the given case scenario, all partners of ABC Consulting LLP are bodies corporate. Advise who can act as the designated partners?

- a) Two individuals who are partners of the LLP
- b) Two nominees of the bodies corporate and at least one of them should be resident**

- c) Either A or B
- d) In this case the bodies corporate will be allowed to represent themselves as partners of the LLP.

CASE SCENARIO 21

Tira Ltd., a well established company in the manufacturing sector, is planning to raise funds to expand its operations. Given the favorable market conditions, the company intends to make multiple offers of securities within the next year. To streamline the process and avoid the cumbersome task of issuing a fresh prospectus for each offer, Tira Ltd. decides to utilize a shelf prospectus

On January 1, 2024, Tira Ltd. files its shelf prospectus with the Registrar, indicating that the prospectus will be valid for 11 months from the date of opening the first offer of securities. The first offer of securities is launched on February 1, 2024

By July 2024, Tira Ltd. plans to make a second offer of securities. In compliance with the requirements, Tira Ltd. files an information memorandum with the Registrar, detailing the changes in the financial position of the company and new charges created since the first offer. Additionally, Tira Ltd. makes sure to disclose any other prescribed changes in the information memorandum

However, during this period, there are significant changes in the company's financial position, including a new debt arrangement that impacts the company's overall financial health. Several investors who had subscribed to the first offer of securities express concerns upon learning about these changes.

Solve the MCQs as per the provisions of the Companies Act, 2013

Question:1

What is the maximum period for which a shelf prospectus can remain valid?

- a) 6 months
- b) **1 year**
- c) 2 years
- d) 3 years

Question: 2

When does the period of validity of a shelf prospectus commence?

- a) From the date of filing the shelf prospectus with the Registrar
- b) From the date of the company's incorporation
- c) **From the date of opening the first offer of securities under the shelf prospectus**
- d) From the date of the first sale of securities

Question: 3

What must a company file with the Registrar prior to making a second or subsequent offer of securities under a shelf prospectus?

- a) A new shelf prospectus
- b) **An information memorandum**

- c) A financial statement
- d) A notice of offer

Question: 4

What is the company's obligation if there are significant changes in the information provided in the shelf prospectus after receiving advance payments for the allotment of securities?

- a) Ignore the changes and proceed with the offer
- b) Intimate the changes to applicants and refund the monies received as subscription within fifteen days if applicants express a desire to withdraw their application**
- c) Issue a new prospectus
- d) Extend the validity of the shelf prospectus

Question:5

In the scenario, if Tira Ltd. makes a second offer of securities in July 2024, what documents will be deemed to be a prospectus?

- a) Only the shelf prospectus
- b) Only the information memorandum
- c) The shelf prospectus and the information memorandum together**
- d) A new prospectus issued in July 2024

Question: 6

In the scenario, can Tira Ltd. issue the shelf prospectus for 1.5 years instead of 11 months.

- a) Yes. The law is silent about the validity period of a shell prospectus
- b) Yes. The Companies Act, 2013, provides the period of validity of shell prospectus to not exceed two years
- c) No. The Companies Act, 2013, provides the period of validity of shell prospectus to not exceed one year**
- d) No. The Companies Act, 2013, provides the period of validity of shell prospectus to not exceed 9 months

CASE SCENARIO 22

Greenfield LLP and Bluewave LLP were two thriving businesses operating in the renewable energy sector. Greenfield LLP specialized in solar panel manufacturing, while Bluewave LLP was known for its innovations in wind turbine technology. Both companies saw a strategic opportunity to join forces and create a more comprehensive renewable energy solution provider. They decided to merge into a single entity, to be named EcoFuture LLP.

To facilitate this merger, the management of both companies proposed a scheme of compromise and arrangement under Section 60 of the LLP Act. They approached the Tribunal to sanction this scheme, which involved transferring all assets, liabilities, and ongoing legal proceedings of both Greenfield LLP and Bluewave LLP to EcoFuture LLP.

The Tribunal reviewed the proposal and found that the merger scheme was designed for the reconstruction and amalgamation of Greenfield LLP and Bluewave LLP. The Tribunal issued an order under Section 62, sanctioning the scheme and setting forth several provisions to ensure a smooth transition:

1. All assets and liabilities of Greenfield LLP and Bluewave LLP were to be transferred to EcoFuture LLP.
2. Any ongoing legal proceedings involving either of the original LLPS would continue under the name of EcoFuture LLP
3. Both Greenfield LLP and Bluewave LLP would be dissolved without the need for winding up.

However, a few partners from Greenfield LLP were not in favor of the merger. They dissented from the compromise and arrangement. The Tribunal provided specific directions to ensure that their interests were adequately addressed

After the order was made, both LLPs had to file a certified copy of the Tribunal's order with the Registrar within 30 days for registration. Unfortunately, due to some administrative delays, this filing was not completed within the stipulated time, leading to penalties for both EcoFuture LLP and its designated partners

Answer the following MCQs in the light of the Limited Liability Partnership Act, 2008

Question:1

What was the main purpose of the scheme proposed between Greenfield LLP and Bluewave LLP?

- a) To dissolve both LLPS
- b) To transfer all assets to a third party
- c) For the reconstruction and amalgamation of the LLPS**
- d) To liquidate the companies

Question: 2

What was the main purpose of the scheme proposed between Greenfield LLP and Bluewave LLP?

- a) To dissolve both LLPS
- b) To transfer all assets to a third party
- c) For the reconstruction and amalgamation of the LLPS**
- d) To liquidate the companies

Question:3

SharePoint

What authority does the Tribunal have when it sanctions a compromise or arrangement under Section 60?

- a) It can only supervise the arrangement
- b) It has no authority after sanctioning the arrangement
- c) It can supervise, modify, and give directions for the arrangement**
- d) It can dissolve the LLPs directly without any conditions

Question: 4

What penalty applies if an LLP fails to comply with the 30-day filing requirement?

- a) Immediate dissolution of the LLP
- b) A fine of '10,000 and additional penalties for continuing contravention**
- c) Suspension of all business activities
- d) Revocation of the Tribunal's order

CASE SCENARIO 23

EBC Ltd, is a company incorporated under the Companies Act, 2013. It is engaged in the business of manufacturing paper plates and bamboo cutlery. It has decided to raise capital by issuing shares to the public. The company's board of directors approved the issuance of 2,00,000 equity shares with a nominal value of ₹210 each, aiming to raise ₹120,00,000. The company's prospectus stated that the minimum subscription required for this issue is ₹718,00,000.

In the prospectus, it was also mentioned that the minimum amount payable on application is ₹72.5 per share. The company's management ensured that these details complied with the relevant provisions of the Companies Act, 2013, and the Securities and Exchange Board of India (SEBI) regulations.

When the subscription period closed, the company had received applications for 1,60,000 shares, with all applicants having paid the application money of ₹2.5 per share.

Answer the following Multiple Choice Questions as per the provisions of the Companies Act, 2013

Question: 1

Considering the provisions of the Companies Act, 2013, and the SEBI regulations, is EBC Ltd. allowed to allot shares based on the subscriptions received?

- a) Yes, because the minimum application money of 5% of the nominal amount has been received
- b) No, because the total subscription amount is less than 90% of the entire issue
- c) Yes, because the company has received more than 98% of the minimum subscription
- d) No, because the application money received per share is less than 25% of the issue price**

Question: 2

What is the minimum subscription amount that EBC Ltd. needed to receive to proceed with the allotment of shares, according to the Companies Act, 2013 read with the SEBI regulations?

- a) ₹20,00,000
- b) ₹18,00,000**
- c) ₹16,00,000
- d) ₹14,00,000

Question: 3

What is the minimum subscription amount that EBC Ltd. needed to receive to proceed

with the allotment of shares, according to the Companies Act, 2013 read with the SEBI regulations?

- a) 20,00,000
- b) **18,00,000**
- c) 16,00,000
- d) 14,00,000

Question: 4

If EBC Ltd. decides to return the application money to the applicants due to non fulfilment of minimum subscription, within how many days should the refund be made according to the Companies Act, 2013 and Companies (Prospectus and Allotment of Securities) Rules, 2014?

- a) **15 days**
- b) 30 days
- c) 45 days
- d) 60 days

Question: 5

If the company proceeds with the allotment despite not meeting the minimum subscription requirement, what could be the consequences under the Companies Act, 2013?

- a) The allotment will be considered valid if approved by a special resolution
- b) **The allotment will be considered void and the company may face penalties**
- c) The allotment will be valid if the board of directors approves it unanimously
- d) The company will need to seek approval from the SEBI for the allotment to be valid