

Result Overview			
Awarded Marks: 51 Marks:70		Max	
NA Not Attempted	Optional	M	Marked
Q1 Compulsory (Score: 12/19)			
Question No	Awarded Marks	Maximum Marks	Status
Q1	12	19	M
1a	4	6	M
1bi	2	3	M
1bii	3	3	M
1c	2	4	M
1d	1	3	M
Q2_Q5 (Score: 39/51)			
Question No	Awarded Marks	Maximum Marks	Status
Q2	12	17	M
2a	3	4	M
2bi	3	3	M
2bii	2	3	M
2c	4	4	M
2d	0	3	M
Q3	0	17	O
3a	0	5	O
3b	0	5	O
3c	0	4	O
3d	0	3	O
Q4	14	17	M
4a	3	4	M
4bi	3	3	M
4bii	2	3	M
4ci	2	2	M
4cii	2	2	M



The Institute of Chartered Accountants of India

Code: IN2CL419078
Subject : 02 Corporate & Other Laws

Total Marks: 70
Marks Obtained : 51

Subject: Corporate & Other Laws
Number of Answer Books used : Main + 5 additional sheets

For use by ICAI only

419078

24 JAN 2021



Q.No.	To be ticked (✓) by the candidate against the Questions answered	Marks Awarded (To be filled by Examiner)					Total
		a	b	c	d	e	
1	✓						
2	✓						
3							
4	✓						
5	✓						
6							
7							
8							
9							
10							
11							
12							
13							
14							
Total							

Total Marks awarded (in words) _____

Examiner's Signature: _____

Use only Blue / Black Ball Point Pen to write and shade the circles.
AVOID RED PEN.
Write the marks in the boxes before shading the respective circles.

Total Marks awarded

0	0
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9



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INSTRUCTIONS TO THE CANDIDATE

Answers are not to be written on this page

- Answers should be written in figures and words in the allotted space at the right hand corner of the answer book and nowhere else including additional answer book/s and graph paper.
- Roll number should be written in the box in numbers and darken the appropriate circles of the OMR bubbles provided in the right hand corner of the cover page with **Black / Blue** ball point pen.
- Write particulars such as name of Examination, Group No., Paper No. and subject at the appropriate space provided in the left hand upper corner.
4. Remove the Bar Code sticker of the particular paper from the Attendance sheet and affix the same on the box provided in the right hand corner of the cover page.
 5. Since a machine will read the Roll no., please check and ensure that Roll number written in numbers, words and circles darkened are correct. In case any candidate fills this information wrongly, Institute will not take any responsibility for rectifying the mistake.
 6. The answers should be written neatly and legibly
 7. The answer to each question must be commenced on a fresh page and question number prominently written at the top of each answer. Alternatively, the question number should be distinctly written in the margin.
 8. The answer to each question in all parts should be fully completed in one page or in a consecutive set of pages, before the next question is taken up.
 9. Writing of Roll number in place/s other than the space provided for the purpose or writing distinguishing mark, symbols like "OM", "Sri", "Jesus", "786", etc., will tantamount to adoption of "unfair means"
 10. Before submission of answer book to the invigilator take care to score out (X) blank pages, if any, that you might have left.





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3



2

5d

Answer 5(d)

DO NOT WRITE ANYTHING HERE

→ According to General Clauses Act, 1897,
"A thing is said to be done in good
faith if it is done honestly,
whether negligently or not"

DO NOT WRITE ANYTHING HERE

→ However the definition has to be used
as per the facts & circumstances of the
case.

→ "Anything which is done with due
care & attention is presumed to
have been done in good faith, if
it is not malafide"

DO NOT WRITE ANYTHING HERE

→ This definition shall not apply where
specific / particular definition of
good faith is defined in act,
there, the definition that is given,
shall be applicable.

→ This definition of good faith shall
apply only if there is
nothing repugnant in subject
or context, if this is so, it will
be not be applicable.



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- The definition "good faith" is not defined in Indian Contract Act, 1872, & the definition in General Clauses Act, does not expressly apply there.
- Thus, in civil case or court & in general language - the "good faith" is defined as :-
- "Nothing is said to be done in good faith, if it is done without due care & attention ~~whether negligently~~ as is expected of a man of ordinary prudence."

2

5dStep1



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3 5c

Ans. 3(c)

(ii)

→ According to Indian Contract Act, 1872,

→ If there is any variation in the terms of contract between the creditor & principal debtor, without surety's consent, the

surety is discharged for all transactions taking place ~~subsequent~~ subsequent to variation.

• Thus, in this case, Anil is surety for Lushan's payment of rent, & the Lushan and Satya raised the rent without Anil's consent.

• Thus, variation is ~~taken~~ there, so, Anil is discharged of all the transactions taking place after variation.

• However, Anil will remain liable for any transaction/default of Lushan before the variation.

1 5cStep3



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(1) Contract of Guarantee means a contract whereby, one party performs the promise or discharges the debt of any other party in case of his default.

There are three parties in guarantee.
→ Surety
→ Principal Debtor
→ Creditor.

1 5cStep1

DO NOT WRITE ANYTHING HERE

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4 5b

Ans (5b.)

→ According to the Companies Act, 2013 :-

- Every company shall cause minutes of the proceeds of every meeting of board or any committee of board, every kind of general meeting of shareholders or creditors, ~~to be~~

- to ~~be~~ prepare & keep in such form and manner, as ~~to~~ may be prescribed, within 30 days of the meeting, with their pages consecutively numbered.

- Each page of every such minute book shall be initialled & signed & the last page of any such book shall be dated & signed :-

→ in the case of a general meeting by the Chairman of the said meeting within 30 days of the



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5bStep1

meeting, or in the event of his inability or death, shall be signed by any director of the company duly authorised for this purpose.



Referring to the question, Meeting is held at 15 Sept 2013.

→ So, it is to be signed by the Chairman, Mr. Mohan Rao, within 30 days, i.e., till 15 Oct 2013.

→ But he went outside of India, to look for his ill father.



Thus, if it is not possible for him to sign the minutes of the meeting till 15 Oct 2013, then, it shall be signed by 'any director of the company appointed for this purpose by passing a board resolution resolution'.



5bStep2



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4

5a

Ans. (5a)

(ii)

According to ~~Section~~ the Companies Act, 2013,
A public company may
give loans to the employees
to the companies for the
purchase of shares in
the company or holding company
subject to the following conditions

→ ~~the loan~~ to employees of
the companies other than
director or key managerial
personnel (KMP)

→ the loan amount should
not exceed six months
of their salary or wages.

→ the shares must be fully paid
up shares, to be held by
employees by way of
beneficial ownership.



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☐ Here, the loan is not according to the Act because:

• the loan is for partly paid up shares

• the amount of loan exceeds the six months of salary of Mr. Harsh Bhaskar.

☐ [six month salary = $40,000 \times 6$
= 2,40,000 ₹
whereas, loan = ₹ 3,00,000 ₹]

Thus, on this basis, the Board of Directors of Reyesh Exports Ltd. has violated the Companies Act, 2013 & such loans is invalid & the company shall be punishable for that.

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13 Q5

~~Ans (Sa)~~
Ans (Sa)

(i)

According to Section 68, of the Companies Act, 2013,

a company shall not buy back its own shares or specified securities unless:-

• ☐ it is authorised by articles of association-

• ☐ it is authorised by the company by the special resolution (except where the (i) buy back is 10% or less ~~than~~ of total ~~unpaid~~ of equity share capital & free reserves.

(ii) ☐ it is authorised by means of board resolution]

☐ The amount of buy back shall be not ~~exceed~~ 25% or less of paid-up equity share capital ~~or~~ free shares.



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→ The buy back of equity shares shall not exceed 25% of total equity share paid up capital in any financial year.

~~Ans. The London Ucl. is making buy back by~~

(A) London Ucl. is liable / punishable & violated the section because

• buy back of 30% equity share capital is not allowed, restricted to 25%.

• Ordinary resolution, whereas a special resolution is required.

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(B)

~~Extr~~ answer, remains
the same, because +

• Company has to pass special
resolution for buy-back &
ordinary resolution can't
authorise the buy back
by Wamdon Ltd.

Thus, in each case (A) & (B), the
company is violating the
Act & the buy back is
invalid & shall be punishable.



5aStep1



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14

Q4

3

4bi

Ans. (4b.)

(i) According to Companies Act, 2013
An eligible company is a public
company, :- ~~which~~

☐

→ having net worth ~~less~~ of
100 Cr. or more 100 Cr.
→ turnover of 500 Cr. or more.

☐

& which have obtained prior
consent in general meeting by
~~the~~ ~~the~~ special resolution.

☐

& ~~also~~ also filed the said
resolution with the registrar
&

→ before inviting any ~~the~~ deposits
from public.

2

4biStep1

Ans, referring to the question,

→ Safar Ltd. has net worth of
₹ 130 Cr, ~~thus it~~ which
is more than ₹ 100 crore,

☐

∴, Safar Ltd. is an eligible company.

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DO NOT WRITE ANYTHING HERE

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however, if prior consent is not obtained & not filed with the registrar, it may not be deemed as an eligible company, thus,

a special resolution has to be passed & filed with the registrar.

→ An eligible company can accept deposits from its members.

• the amount of such deposits together with the outstanding deposits, as at date from ~~not~~ members can be maximum 10% of the aggregate

of paid up share capital, free reserves & securities premium account.

Thus, Safar Ltd., has to take care.

→ that the deposits from members shall not exceed 10% of the aggregate of paid up share capital, free reserves & securities premium account.



4biStep2



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16



2

4bii

Ans (4bii)

(ii) It shall be the duty of the company creating a charge -

☐ → whether in India or outside India,
→ whether on property, assets or any of its undertaking,

☐ → whether tangible or intangible,

☐ → situated in India or outside India.

1

4biiStep1

☐ to register the particulars of the charge.

Ans. Moon Light Ltd., is not wrong in its approach to defend the ~~FF~~ notice on the ground that a property is outside India.



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☐

Irrespective of the ~~location~~
location of the asset,
(India (outside India) ,

☐

Mon ~~Ad~~ Lique Ltd. shall
register the charge by
following

- Thus, Mon Ltd. shall take
the steps for getting the
charge registered as
its stand is invalid.



4biiStep2

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



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2 4ci

18



Ans (4c)

According to the General Clauses Act,
(i) → where by any legislation or regulation,

→ any act or proceeding is directed or allowed to be taken,

→ to any court or any office on a particular day or a certain period of time.

→ and if that ~~case~~ court or office is closed on that day or the last day of the period,

→ the act or proceeding shall be deemed to ~~be~~ have done ~~at~~ within due time

→ if it is taken on the court or office on the next day when the court or office is open.



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→ Hence, in this case,

• the suit is to be taken on the court on a fixed day, i.e., 29/4/2018.

• which was announced to be a holiday by the government.

• thus, the legal suit shall be taken as done in the time if taken on the ~~same~~ court on the next day, ~~when~~ when the court is open.

2

4ciStep1



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2

4cii

~~Ans~~ (Ans 4c)

(ii)

According to the ~~General~~
General Clauses Act, 1897,

→ "Government" shall mean
☐ Central Govt & State
Govt. both.

→ It may also mean Executive,
Judiciary & Legislature.

→ If it connotes narrow sense,
then only Executive is considered.

Ans, referring to the ques +

"Income tax provides that gratuity
to employees from government
is exempt from tax".

Ans, ⇒ here, government not specifically
defined in the ~~Income~~
Income tax Act, 1961.

⇒ So, reference is to be made to
the General Clauses Act, 1897.



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→ According to which,

☐ Government includes both
Central as well as state
govt.

So, Gratuity income from
☐ Central as well as
State Govt. is exempt
from tax.

2 4ciiStep1



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2 4d

22



Ans (4d)

- ~~According~~
- ⇒ External Aid to ~~Law~~ Interpretation, means the ~~the~~ external sources to the act or legislature which provides means to interpretation
- It includes, customs, usage, history, dictionary definitions.
- which can affect the interpretation & helps in construing the law
- when internal aid is insufficient, or improper, ~~the~~ external aids can be used for interpretation.

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→ Dictionary Definitions +

→ First we have to refer to the Act to find out if the word or expression ~~is~~ is defined in Act itself.

→ If not, then reference is made to ~~a~~ ~~later~~ dictionary definitions to understand the general sense in which the word is commonly understood.

→ ~~in~~ ~~at~~ choosing one out of several alternatives, ~~we~~ we should take into ~~care~~ consideration, ~~in which~~ the context in which the word or expression appears.

→ It is the fundamental rule, that the meaning of words or expressions is ascertained from the context in which they appear.



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→ Judicial decisions laying down the meanings of word or expression, ~~the~~ have

~~"fari material"~~ "fari material" greater weight than dictionary definitions.

→ ~~for technical words, technical~~

→ for technical words, reference to technical dictionaries is made.



4dStep1

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4a

25



Ans (4a):

→ Section 42 of the Companies Act, 2013 deals with the private placement of shares.

Thus, according to the act,

• A company can offer private placement only to a selected group of persons (as may be selected by board of directors).

• A company can make private placement only by a special resolution.

• A company can offer private placements to persons not exceeding 50 or such higher as may be prescribed.

• the higher limit is prescribed as 200.

• Thus, a company can offer private placement offers to a select group of persons not



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not exceeding 200 in a financial year

→ However, the qualified institutional buyers & ☐ employees are not to



4aStep1

be included in the list of 200 persons.

Also,

→ the offer can be made ~~any~~ only once ~~number of time~~

~~any number of time~~ in a financial year to persons not exceeding 200 for a given securities (debt & equity).

→ However, ~~if~~ a company shall not make any offer or invitation unless ~~the~~ previous offer or invitation is applied or allotted or abandoned by the company.

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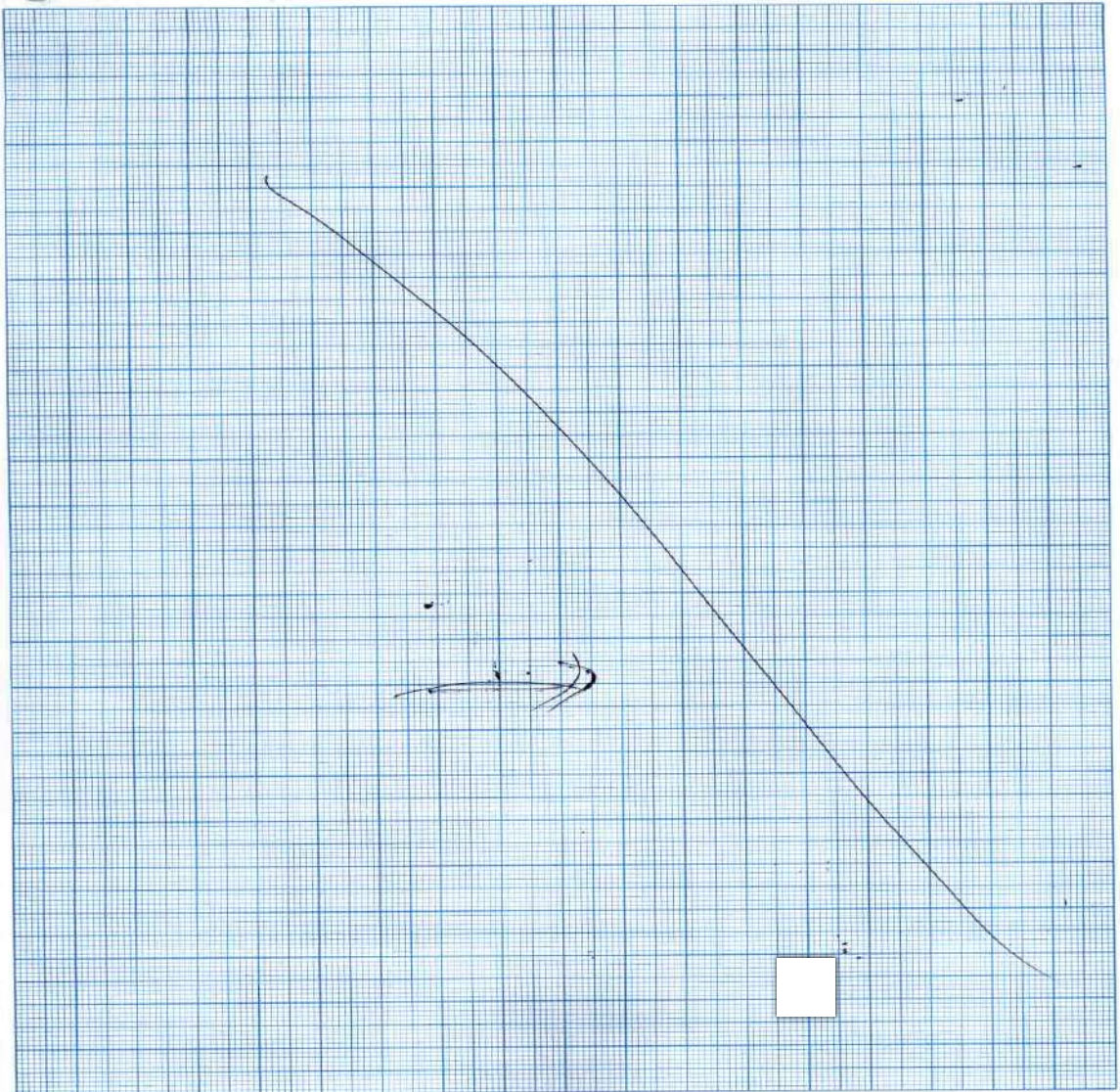


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Barcode

Addl. Book No. 1

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
ADDL. BOOK

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ADDITIONAL ANSWER BOOK

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☐ Thus, the points are ~~only~~ partially valid and not completely
completely, ~~or thus the company~~
~~can~~ e

DO NOT WRITE ANYTHING HERE

• Or we can say, that
they are invalid

& valid points are as follows:

→ Company's employees are
☐ not included in the limit
of 200 persons.

DO NOT WRITE ANYTHING HERE

→ there is no limit on no.
of offers made in a year,
i.e., only one offer for
☐ one type of security (debt &
equity). In a financial year

4aStep2



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12

Q1

4

1a

(Ans. 1a)

Q1 → These disclosures are

(1) Filing of an application with recognized stock exchange.

• Before making any public offer, application shall be made to one or more recognize stock exchange, & obtain permission for the securities to be dealt within such stock exchange.

• Where the prospectus states that an application has been, it shall also state the name of stock exchange where the securities can be dealt with.

(2) No allotment of any shares offered to be public shall be made unless on or before the date of the minimum amount stated in the prospectus

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has been subscribed & the amount payable on the application has been paid to or ☐ received by the company.

• the amount payable on allotment shall not be less than ☐ 5% of the nominal value of the shares or such higher as ~~to~~ may be prescribed.

3 1aStep1

(3) If the minimum amount stated in the prospectus has not been subscribed & sum payable on application has ^{not} been paid on it, within a period of thirty ~~the company~~ days from the date of application, the company shall refund all the monies within 15 ~~to~~ days from closure of issue.

1aStep2

Thus the three disclosures explained are -

- Application & permission of stock exchange
- Minimum subscription
- Application money.



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If any default is made in complying with any of the provisions,

1aStep3

→ The company & every officer in default shall be punishable with fine, which shall not be less for each default, ₹1000 per day during the days such default continues & max. up to ₹1,00,000/-.

→ Further if the company fails to refund the money within 15 days after the every officer in default shall be severally liable to pay @ 15% p.a.

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Addl. Book No. 2

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ADDL. BOOK

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1bi

Ans (16)

(i) According to Section ~~141(d)(ii)~~ of ~~141~~ ¹⁴¹⁽³⁾ (a) of the Companies Act 2013,

• ~~An officer or~~ any body corporate shall not be eligible for appointment as an auditor of a company.

However, as an exception, a limited liability partnership ~~is~~ registered ~~under~~ limited liability partnership Act, 2008, may be ~~as~~ appointed as an auditor of a company.

Also, as per section 141(1),

• ~~where~~ a firm, including a limited liability partnership is ~~registered~~



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- in whose majority of partners are Chartered Accountants practising in India eligible for appointment &
- may be appointed by its firm name to be the auditor of a company.

Ans. as per the provisions, the appointment of "R & Associates UP" by SP Ltd as an auditor of a company, is Valid.

1 1biStep2

Ans

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DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



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3

1bii

Ans (~~16~~) (16)

(ii) • A proxy is a written statement by which a person appoints some other person on its behalf:-

☐☐

• Any member entitled to attend and vote at a meeting, shall be entitled to appoint some other person as a proxy, to attend & vote on his behalf.

☐

• A proxy shall not have a right to ~~vote~~ or speak & ~~no~~ right to vote except on a poll.

1

1biiStep1

→ A proxy received 48 hours before the meeting ~~will~~ will be valid even if the articles provided for a larger number.

☐



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Ans, here, since proxy
is received ~~48~~ hours
48 hours before the meeting,

Even if the article provides for
a 60 hours,
the ~~but~~ any proxy received
before 48 hours ~~will be valid~~
will be valid.

Yes, Proxy holder can compel
the company to ~~the~~
admit the proxy as articles
cannot override the right
the provisions here, and
proxy was received
48 hours before the
meeting.

2 1biiStep2



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Addl. Book No. 3

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
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ADDITIONAL ANSWER BOOK

2

1c

Ans. (1C-)

~~Section 170 & 171~~ deals with
the right of particular lien &
general lien is dealt in
Indian contract Act, 1872.

Thus, as per Section 171 General Lien

→ Bankers, factors, wharfingers,
policy brokers, & attorneys
of a high court, may

→ may retain as a general balance
of account & any security held
with it and can against
any debt due to them.



1

1cStep1





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As per section 170 & Particular Lien

A ~~person~~ bailee who has
by his skill ~~or~~ or labour
improved the goods ~~to~~, he
is entitled for remuneration,

□ he can exercise the particular
lien to retain the goods
for the payment

⇒ Further as per Section 171,
the right to general lien is
created without any agreement
or express agreement.

⇒ Thus, the bank can exercise
the right to general lien
against any ~~security~~ security of the
borrower as a general balance
of accounts.

DO NOT WRITE ANYTHING HERE

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Ans. (Part)

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The Institute of Chartered Accountants of India

Code: IN2CL419078
Subject: 02 Corporate & Other Laws

Total Marks: 70
Marks Obtained: 51

Addl. Book No. 4

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
ADDL. BOOK

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ADDITIONAL ANSWER BOOK

Q2

Ans (26)

(1) The financial statements including consolidated financial statements, shall ~~before they are~~ be approved by the board, ~~if necessary~~ shall be signed ~~by~~ on behalf of the board by:-

- ☐ Chairperson, if is authorised by the board, or if not, by 2 directors out of which one shall be a managing director.
- Chief ~~ex~~ executive officer, if he is a director
- ☐ → Chief financial officer & company secretary wherever they are appointed.

2biStep1

And where there is only one director, by that director.



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Thus, the P&L & Balance Sheet of Dilip Ltd. shall be signed by +

→ Mr. ~~Ravi~~ Shukla also, as he is a ~~man~~ managing director of the company.

→ & since, company has appointed full time secretary, he shall also sign the financial statements.

So, the financial statements are not correctly authenticated, as a Managing director & company secretary have not signed it +

they shall be authenticated by +

→ Mr. Shukla & ~~Ravi~~ Choksey ~~OR~~ Patel
Full time secretary



2biStep2



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2 2bii

Ans to Q(2b)

(i)

Section 138

Every listed public company shall be required to appoint an internal auditor, who may be a firm or an individual, to conduct the internal ~~the~~ audit functions of the company.

1 2biiStep1

The following class of

Ans, the contention of Directors & Secretary is wrong as every listed company shall appoint

So ~~X~~ Ltd, being a listed company shall an internal audit of the company.

Irrespective of the threshold limits, every listed company shall appoint an internal auditor

1 2biiStep2



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2c

Ans (2c)

(i) As per Indian Contract Act, 1872
where an agent has a personal interest in an agency, the agency cannot be terminated by the principal, prejudice to such interest.

Since B has a personal interest in the agency, he will pay himself out of the money, the agency cannot be terminated, prejudicial to such interest.

Thus, the agency is an ~~irrevocable~~ irrevocable agency, (cannot be terminated).

2

2cStep1



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Addl. Book No. 5

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
ADDL. BOOK

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Ans. (C)

(ii) the termination of authority
of an ~~agent~~ agent,
terminates the authority
of ~~all~~ all ~~sub~~ agents
appointed by ~~the~~ agent.

Thus, termination of B's
authority also
terminates the authority
of the agent appointed
by B, i.e. C.

Thus, C's authority is
also terminated.

2

2cStep2



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2a

2



~~2a~~

Ans. (2a)

→ According to the Companies Act, 2013, where any application for money is received by a company ~~to~~ and if it fails to allot such shares against the money within 60 days of receipt of application, the company



shall within 15 days after the expiry of that period refund the monies to the applicants.

→

Where the ~~to~~ company fails to do, such ~~deposits~~, ~~the~~ unrefunded application shall be treated as deposits accepted by the ~~or~~ company ~~to~~ & accounted under Chapter IV of the Act.



2

2aStep1

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→ Here, the Pvt. Co. has failed to allot the shares ~~within~~ till 30/7/19, within 60 days from 1/6/19 (application date).

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→ So company is liable to refund the amount of application within 15 days from 30/7/19.

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→ If not so refunded after those, then it is treated as deposits.

⇒ So, Company Secretary is wrong as, company shall refund the amount within 15 days after the expiry days, within which if not refunded, then deemed to be deposits, ~~so, here,~~

⇒ So, here, as on 31/7/19, they shall not be treated as deposits.



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☐ 2d Ans (2d)

→ If no rate of interest is specified in any bill of exchange negotiable instrument, and if default is made in ~~claiming~~ making the payment, then, the person shall be liable to pay interest @ ~~12.5%~~ 12% p.a. on the amount.

☐ 2dStep1

☐ 2dStep2 Ans (1d)

☒ 1d

→ where any bill of exchange, is accepted by a drawee for a partial amount, then, it can be enforced only till that amount, & the rest shall be treated as ~~from~~ accommodation in plaintiff. So, here, bill is valid for ₹ 27,000.

☐ 1dStep1

☐ 1dStep2

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