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48
CASE SCENARIOS

182
MCQS

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48 selected case scenarios from the ICAI Case Scenario Booklet, the Mock Test Papers, the Revision Test Papers and the Past Exam Papers. Every scenario, question and option is reproduced word for word from the ICAI material.

Shading like this marks only those lines of a scenario without which an MCQ cannot be answered. Where nothing is shaded, every question is answerable from its own wording.

Answers give the correct option letter only. ICAI's reasoning is reproduced in brief at just those few places where an Author's Note questions it, in a box like the one below.

> **AUTHOR'S NOTE · MCQ —**
> Where the printed answer looks wrong, where the reasoning behind it does not match the provision, or where more than one option can be defended, a shaded note like this one sits under the answers. The ICAI answer itself is never changed.

Case Scenario 14, Question 1 shows "No correct option". That is ICAI's own entry in the answer key for the May 2026 examination, reproduced as printed.

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CASE SCENARIO 1

ICAI RTP May 2026 — Case Scenario 1

Utkarsh, a brilliant student who was pursuing the degree course in Pharmacy at Modern College of Pharmacy, Bengaluru, was inspired and motivated to install and produce the generic medicine. Keeping in view this vision he underwent a twelve months training course in a famous pharmaceutical company at Pune and thereby learnt essential medicinal formulae which were essential in the production of generic medicines.

To convert his vision in reality, he constantly thought of establishing his very own company and the same he did by incorporating a pharmaceutical company which went by the name 'Utkarsh Pharmaceutical Private Limited' (One Person Company) with registered office at New Delhi having ₹ 40 lakh as authorised share capital.

As an essential requirement to designate a nominee for his One Person Company, Utkarsh requested to his elder brother, Yashwant, who was a doctor in general medicine, to seek his consent for becoming nominee on which he agreed to the proposal. After completing the necessary requirements and submitting requisite documents, the Jurisdictional Registrar of Companies sanctioned and registered the above named company by issuing the Certificate of Incorporation.

Utkarsh's company satisfactorily produced, distributed and supplied the generic medicines constantly during the span of seven years. By this time, the company had a grand team of medical representatives, distributors and retailers who built and transformed business by customising market. In order to keep pace with the changing technology, growing production and business opportunities, Utkarsh, along with his wife Divya is willing to convert Utkarsh Pharmaceutical Private Limited (One Person Company) into a Private Limited Company.

On the other side, his brother Yashwant, nominee in Utkarsh Pharmaceuticals Limited (One Person Company), also started his own hospital along with Raghu, a renowned medical practitioner by incorporating a private limited company namely, Vinayak Multicare Hospital Private Limited, with an authorised share capital of ₹ 10 crore and paid up share capital of ₹ 5 crore, having its registered office at Savarkar Place, Pune. The total number of shareholders in this company is sixty of which three shareholders are in employment of the company, whereas other two shareholders who purchased the shares of the company while in employment of the same company, left the company before six months.

Admiring the success of Utkarsh's Pharmaceuticals, Yashwant requested his brother Utkarsh to be a director (Production), but Utkarsh wants to carry out Non-banking financial activities including investment in securities of body corporates.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following Multiple Choice Questions based upon the provisions of the Companies Act, 2013:

MULTIPLE CHOICE QUESTIONS

1. Yashwant, the elder brother of Utkarsh agreed to become nominee in his Utkarsh Pharmaceutical Private Limited (One Person Company). Which of the following regarding the formalities must be completed by Utkarsh while making Yashwant nominee?
   (A) Utkarsh must have obtained a written consent letter from Yashwant and stated his name as nominee in the Memorandum of Association under Nomination clause.
   (B) Utkarsh must have obtained a written consent letter from Yashwant and stated his name as a nominee, in the Articles of Association, under Nomination clause.
   (C) Utkarsh must have obtained a written consent letter from Yashwant and it should be filed without stating his name as a nominee either in Memorandum or Articles of Association, since there is no such requirement.
   (D) Utkarsh must have obtained a written consent letter from Yashwant within fifteen days after incorporation and must be kept in the records maintained at the registered office of the company.

2. It is clear from the case scenario that Yashwant has formed Vinayak Multicare Hospital Private Limited with sixty shareholders of which two shareholders are ex-employee and the other three are still the employees of the company. Which of the following is the correct option relating to maximum shareholders to whom the shares may be allotted in the company?
   (A) Vinayak Multicare Hospital Private Limited can issue shares to maximum one hundred fifty persons.
   (B) Vinayak Multicare Hospital Private Limited can issue shares to maximum one hundred forty persons.
   (C) Vinayak Multicare Hospital Private Limited can issue shares to maximum one hundred forty five persons.
   (D) Vinayak Multicare Hospital Private Limited can issue shares to maximum ninety persons.

3. Whether Utkarsh, the owner of Utkarsh Pharmaceutical Private Limited (One Person Company) can carryout Non-banking Financial Investment activities including investment in securities of anybody corporate?
   (A) Utkarsh, the owner of One Person Company can undertake to carry out such activities only when its paid up share capital is at least 1 crore.
   (B) Utkarsh, the owner of One Person Company can carry out such activities only when its paid up share capital is at least 2 crore.
   (C) Utkarsh, the owner of One Person Company can carry out such activities only when its paid up share capital is at least 5 crore.

(D) Utkarsh, the owner of One Person Company cannot undertake carrying out non-banking financial investment activities including investment in securities of any body corporates irrespective of the quantum of its paid up share capital.

4. Vinayak Multicare Hospital is incorporated as a private company with 60 shareholders and 5 employee-shareholders. For determining if it breaches the statutory limit on the number of members in a private company, how should the employee-shareholders be counted under the Companies Act, 2013?

   (A) All 60 shareholders plus the 5 employees must be counted, totaling 65 members for the limit calculation.

   (B) Only the 5 employee-shareholders are counted as members, since employees are considered distinct from regular shareholders.

   (C) Only the shareholders who are not employees are counted, because employee-shareholders are excluded.

   (D) Neither the 60 shareholders nor the 5 employee-shareholders are counted, as private companies have no statutory member limit.

ANSWERS

1. (A) 2. (C) 3. (D) 4. (C)

CASE SCENARIO 2

ICAI MTP May 2026 (Series I) — Q. 1 to 5

Returning from Texas, USA, in January 2025, after undergoing a six months' course in Sound Engineering and music production, Aditya fully learnt and understood the nuances of music production; a skill which was always very close to his heart. He decided to open an audio-recording studio offering multi-lingual voice-over services, music composition, video post-production which is nothing but final phase of creation of videos where separate shots are assembled into a cohesive story and further, thought of providing services relating to other similar functions of creative nature. Initially, he undertook certain contracts as a sole proprietor and continued till mid of 2025. In the month of September 2025, in order to give his venture a structural shape, he thought of forming a private limited company with his parents, Lokendra Ji and Vandana Ji and some other relatives as well as certain trustworthy friends, who agreed to subscribe to the share capital of the company as shareholders.

Accordingly, Aditya made an application for reservation of name through the web service available at www.mca.gov.in by using web service SPICe+ and by the first week of October 2025, he got incorporated SurSangam Studios Private Limited, a name which was approved by the jurisdictional Registrar of Companies. The Authorised and Paid-up Capital of the

company was ₹ 2,00,00,000 (divided into 20,00,000 equity shares of ₹ 10 each). Aditya was running his audio-recording studio from a rented hall and two adjacent rooms situated in a commercial place at Borivali East, Mumbai. He decided to designate it as Registered Office; and immediately after incorporation, he proceeded to file on behalf of SurSangam Studios Private Limited, the requisite form with the jurisdictional ROC to officially notify the jurisdictional Registrar of Companies about the location of the company's registered office which would be capable of receiving and acknowledging all communications and notices. For verification of Registered Office, he also attached the notarized copy of the rental agreement executed in favour of the company and a copy of rent paid receipt.

Very soon, the Studio became a distinguished name in the realm of recording studio and became a trusted hub for musicians and artists speaking unparalleled recording services. The signboard outside his studio proudly displayed the name of his company as SurSangam Studios Private Limited. During the year, the company held regular Board and other meetings and and filed its Annual Return in compliance with the statutory requirements.

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

MULTIPLE CHOICE QUESTIONS

1. SurSangam Studios Private Limited was incorporated on 5 October 2025. Immediately after incorporation, Aditya informed the Registrar about the location of the registered office of the company. By which of the following dates must the company verify its registered office with the Registrar?
   (a) 20th October 2025
   (b) 4th November 2025
   (c) 4th December 2025
   (d) 3rd January 2026

2. Suppose, Aditya obtained approval of the name "SurSangam Studios Private Limited" from the Registrar of Companies on 3 October 2025 for incorporating a new company. By which of the following dates will such approved name remain reserved by the Registrar in the first instance, within which the incorporation application must be filed?
   (a) 10th October 2025.
   (b) 18th October 2025.
   (c) 23rd October 2025.
   (d) 2nd November 2025.

3. As several regulatory relaxations are available to a small company, Aditya wishes to know whether SurSangam Studios Private Limited can be treated as a small company. Which of the following statements is most suitable in this regard?
   (a) Since Aditya did not specifically state at the time of incorporation that the company should be categorized as a small company, SurSangam Studios Private Limited cannot be considered a small company.
   (b) Since Aditya did not specify such categorisation at the time of incorporation, SurSangam Studios Private Limited can be considered a small company only after completion of three financial years from the year of incorporation.
   (c) Since Aditya did not specify such categorisation at the time of incorporation, SurSangam Studios Private Limited can be considered a small company only after completion of five financial years from the year of incorporation.
   (d) SurSangam Studios Private Limited will be considered a small company if the prescribed limits relating to paid-up capital and turnover are not exceeded and the company is not covered under the excluded categories.

4. If SurSangam Studios Private Limited proposes to induct additional investors in the future, what is the maximum number of members it can have as per the Companies Act, 2013 (excluding present and former employees who are members)?
   (a) 50
   (b) 100
   (c) 200
   (d) No limit is prescribed

5. If SurSangam Studios shifts its registered office within the same city, which approval is required?
   (a) Central Government only
   (b) Regional Director only
   (c) Board of Directors
   (d) Special Resolution only

ANSWERS

1. (b) 2. (c) 3. (d) 4. (c) 5. (c)

CASE SCENARIO 3

ICAI Case Scenario Booklet — Case Scenario 4
Asked again in: ICAI Exam September 2026 — Case Scenario III (MCQ 7 to 9)

Kapoor Limited is a mid-sized listed manufacturing company incorporated in the year 2010 by R.D. Kapoor. Mr. Kapoor has two son, Mr. Vineet and Mr. Aditya. Both Mr. Aditya and Mr. Vineet are working as directors in Kapoor Limited.

Kapoor Limited had some compliance issues in the past. In 2017–18, the company issued redeemable preference shares but later failed to pay dividends on them for some time. In September 2019, the company fixed this by clearing all its loans and paying the pending dividends to the preference shareholders. After resolving these issues, the company proposed to issue new equity shares with differential rights for the financial year 2020–21.

As part of its broader capital raising strategy, the board of directors decided to issue three different securities:

- a rights issue of equity shares to existing shareholders,
- a new class of preference shares offered exclusively to current equity shareholders, and
- a public issue of convertible debentures.

So, for the rights issue, it prepares a simplified document omitting several disclosures required under section 26(1) and for the new preference shares, they created a detailed prospectus but excluded certain financial reporting. But for the convertible debentures, they prepare a complete prospectus with all section 26(1) requirements.

Further, Ms. Roshni, a shareholder, owned 1,500 partly paid equity shares in the company (₹ 8 paid out of ₹ 10). On 5th July 2025, she applied to transfer 500 of these shares to Mr. Bakshi, who didn't know about it. The company sent him a notice on 10th July, 2025, which he received on 12th July, 2025. Since Mr. Bakshi was abroad, he saw the notice only on 20th July, 2025. After realizing the shares had unpaid amounts, he sent an objection email on 24th July, 2025. However, the company went ahead with the transfer on 27th July, 2025, saying his objection came too late. According to the company's rules, the Board can approve the transfer of partly paid shares if they believe the buyer can pay the remaining amount in the future.

In another case, Mr. Varun, one of the shareholders of Kapoor Limited, is the legal representatives of a deceased shareholder, Mr. Kartik. He had written an application to the company, to transfer the shares (of Mr. Kartik) in his name. But Mr. Varun did not receive any reply from the company. Mr. Varun went to the company office to inquire about the same. The company refused to transfer the shares in his name, as he is not the registered member of the company. For your information, the company's financial position as of 31st March, 2025 is as follows:

- Paid-up equity share capital: ₹ 200 crore (20 crore shares of ₹ 10 each)

- Free reserves: ₹ 600 crore
- Securities premium: ₹150 crore
- Secured loans: ₹ 400 crore
- Unsecured loans: ₹300 crore

The Board of Directors approved a buy-back proposal on 15th September, 2025, to purchase 3 crore equity shares at ₹ 60 per share. The company had previously conducted a buy-back of 1 crore shares (₹ 10 crore) in August 2024 during the financial year 2024-25. The new buy-back is planned for October 2025, which falls in financial year 2025-26. The Chief Financial Officer has confirmed that post-buy-back, the debt-to-capital ratio would remain within prescribed limits, and the shares are fully paid-up.

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

MULTIPLE CHOICE QUESTIONS

1. Since the default was made good in FY 2019-2020, the company considered to issue new equity share with differential rights. According to the provisions of the Companies Act, do you think the company is eligible to issue the shares for the financial year 2020-2021?
   (a) Yes, the company is immediately eligible to issue new shares as it has cleared all the dues and loan by September 2019.
   (b) No, the company is ineligible to issue the shares as the company needs to wait three years till March 31, 2023.
   (c) Yes, the company is eligible to issue new shares in the next financial year, as the default was made good in the previous FY year 2019- 2020.
   (d) No, the company is ineligible to issue the new shares as the company needs to wait for five years till March 31, 2025.

2. According to the provision of the Companies Act, do you consider the company's action of affecting the transfer of partly paid shares to Mr. Bakshi is valid?
   (a) Yes, because the company waited for more than 7 days from the date of dispatch of notice before registering the transfer.
   (b) No, because the transferee did not give his explicit consent before the transfer of partly paid shares.
   (c) No, because Mr. Bakshi made objection within 2 weeks from the date of receipt of notice.
   (d) Yes, because the Board has assessed Mr. Bakshi's financial capability before approving the transfer.

3. According to the provision of the Companies Act, can the company deny transferring shares in Mr. Varun's name and what is the company's obligation?
   (a) Yes, the company can refuse the transfer if he is not a registered shareholder.
   (b) No, the legal representative has the right to transfer even if they are not registered shareholder.
   (c) No, the company can deny if the legal representative's name is not registered with the company.
   (d) Yes, the company needs the approval from the Tribunal before transferring the shares.

4. Based on the buy-back limitations under the provision of the Companies Act, do you think the proposed buy-back is valid?
   (a) Yes, the buy-back is valid as the total amount (₹ 180 crore) is within 25% of the aggregate paid-up capital and free reserves (₹ 800 crore), and the buy-back in the new financial year is not affected by the previous year's buy-back.
   (b) Yes, the buy-back is valid as the number of shares (3 crore) is within the 25% of the total paid-up equity capital (5 crore shares).
   (c) Yes, the buy-back is valid as the value of shares being bought back (₹ 180 crore) represents only 22.5% of the aggregate paid-up capital and free reserves (₹ 800 crore).
   (d) No, the buy-back is invalid as the total amount (₹ 180 crore) combined with the premium being paid (₹ 150 crore above face value) exceeds 25% of the aggregate paid-up capital and free reserves.

5. The company had earlier made buy-back of 1 crore shares in August 2024. Can it legally conduct another buy-back in October 2025?
   (a) Yes, as both of the gap between the buy backs is more than 1 year
   (b) No, as only one buy-back is allowed in the company's lifetime
   (c) No, only listed companies can do multiple buy-backs
   (d) Yes, but only if Tribunal gives specific permission

6. Suppose, if Kapoor Limited's post-buy-back debt-to-equity ratio would have exceeded 2:1, which of the following is correct?
   (a) Buy-back is still valid if Board approves
   (b) Buy-back will be invalid unless a higher ratio is prescribed by the Central Government (through Notification) for the company
   (c) The ratio rule applies only to private companies
   (d) Buy-back is still valid as the Companies Act, 2013, does not prescribe any limit on debt-to-equity ratio.

ANSWERS

1. (b) 2. (c) 3. (b) 4. (a) 5. (a) 6. (b)

ICAI'S REASONING FOR MCQ 1, IN BRIEF

ICAI reads the bar as three years from the date the default was made good. The default was cleared in September 2019, which falls in FY 2019-20, so on ICAI's reading the company becomes eligible only after 31 March 2023.

ICAI'S REASONING FOR MCQ 4, IN BRIEF

Paid-up capital ₹200 crore plus free reserves ₹600 crore gives ₹800 crore, and a quarter of that is ₹200 crore. The buy-back of 3 crore shares at ₹60 comes to ₹180 crore, which is inside the ceiling. The August 2024 buy-back fell in an earlier financial year, so it does not count against this one.

AUTHOR'S NOTE · MCQ 1

ICAI has gone with (b), a three-year wait. Rule 4(1)(g) actually gives **five** years, and it runs from the *end* of the year in which the default was cleared, not from the date of clearing. Cleared in September 2019, so start counting from 31 March 2020. The bar lifts on 31 March 2025, which is **option (d)**.

AUTHOR'S NOTE · MCQ 4

Nothing wrong with (a), but watch out: (b) and (c) are true as well. 3 crore shares is well within 25% of 20 crore, and ₹180 crore works out to exactly 22.5% of ₹800 crore. ICAI treats (a) as the best answer because it also settles the earlier buy-back point.

CASE SCENARIO 4

ICAI MTP September 2026 (Series I) — Q. 1 to 4

Green Volt Renewable Energy Limited, a fast-growing company in the clean energy sector, was incorporated on 18th August, 2022 with the objective of designing, manufacturing and installing solar power systems, battery energy storage units and electric vehicle (EV) charging infrastructure across India. The company's business model focuses on providing sustainable energy solutions to industrial establishments, commercial complexes, residential societies and government agencies.

The company was promoted by five entrepreneurs, namely Raghav Sharma, Mehul Kapoor, Ananya Bansal, Nikhil Arora and Tanya Verma, who had previously worked together in the renewable energy industry. Their technical expertise and innovative business ideas enabled the company to establish a strong market presence within a short span of time. At present, Green Volt Renewable Energy Limited has established 42 regional offices, employs over 1,800

technical and managerial personnel and has successfully executed more than 3,000 renewable energy projects across the country. The registered office of the company is situated at GIFT City, Gandhinagar, Gujarat.

The authorised share capital of the company is ₹ 4 crore divided into 40,00,000 equity shares of ₹ 10 each. At the time of incorporation, its paid-up share capital was ₹ 2 crore, and the company had 75 shareholders.

In order to establish a new manufacturing facility for solar panels and EV charging equipment, the Board of Directors decided during the Financial Year 2025-26 to issue 10,00,000 unissued equity shares through a private placement at a premium of ₹ 25 per share to 190 identified persons. The identified persons included venture capital professionals, engineering consultants and other high-net-worth investors.

Among the prospective investors were Aditi Mehra, a sustainability consultant and Ankit Mehra, a project manager in a reputed engineering company. They, along with several other investors, requested the company to allot only a small number of shares. The Board accepted their requests.

All subscribers remitted the subscription amount through their respective bank accounts. The company completed allotment of shares within the prescribed time and utilized the funds for acquiring land, purchasing machinery and strengthening its research and development facilities. Following the success of the fund-raising exercise, the company is planning another round of private placement during the same financial year. Since additional capital would be required, the Board proposes to increase the authorised share capital from ₹ 4 crore to ₹ 8 crore. Further, the company is considering acceptance of deposits from its members to finance future projects. However, directors Raghav Sharma and Tanya Verma are of the view that the company should first ensure proper deployment of the funds already raised and thereafter consider acceptance of deposits in the subsequent financial year.

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

MULTIPLE CHOICE QUESTIONS

1. Assertion (A): Green Volt Renewable Energy Limited's private placement offer to 190 identified persons during FY 2025-26 is not invalid merely because it did not restrict the offer to existing shareholders. Reason (R): Section 42 of the Companies Act, 2013 does not prohibit a private placement from exceeding 200 identified persons in a financial year, provided the excess persons are QIBs or ESOP allottees, who are excluded from the count.
   (a) Both A and R are true, and R is the correct explanation of A.
   (b) Both A and R are true, but R is not the correct explanation of A.
   (c) A is true, but R is false.

(d) A is false, but R is true.

2. Before Green Volt makes a further private placement offer in the same financial year, examine the following statements: Statement I: A fresh private placement offer cannot be made until allotment with respect to the earlier offer is completed, or the application money is refunded. Statement II: Completion of the earlier offer automatically authorises the Board to make further private placement offers during the same financial year without complying with any fresh approval requirements. Statement III: Money received towards subscription under a private placement offer must be kept in a separate bank account and cannot be utilised until allotment is made or, if not allotted, must be refunded within 15 days of the earlier of the closing date of the offer or 60 days from receipt. Statement IV: Once the earlier private placement is completed, Green Volt may treat the residual unsubscribed portion of that offer as automatically carried forward and combined with the new offer, without issuing a fresh private placement offer letter. Which of the above statements is/are correct?
   (a) I and II only
   (b) I and III only
   (c) I, III and IV only
   (d) II and III only

3. Green Volt's Board resolves to increase its authorised share capital from ₹ 4 crore to ₹ 8 crore. A director objects, stating that this cannot be done without approval of the NCLT since it amounts to an alteration of the capital clause of the Memorandum of Association. Assuming the company's Articles do not currently authorise such an increase, which of the following correctly evaluates the director's objection?
   (a) The director is correct- any alteration to the capital clause of the Memorandum requires NCLT approval.
   (b) The director is incorrect- a special resolution of the shareholders is sufficient, and no amendment to the Articles is needed.
   (c) The director is incorrect- the company must first amend its Articles (if not already authorising the increase), then pass an ordinary resolution of the shareholders, followed by the requisite ROC filing.
   (d) The director is incorrect- an increase in authorised capital requires unanimous consent of all creditors, not shareholder approval.

4. Green Volt Renewable Energy Limited proposes to accept deposits from its members. All of the following statements are incorrect except one. Identify the statement that is not incorrect:
   (a) Acceptance of deposits from members is barred outright for every company under the Companies Act, 2013.

(b) Deposits from members may lawfully be accepted, but only if the company complies with the conditions laid down under Section 73 and the Companies (Acceptance of Deposits) Rules, 2014.

(c) No company can accept deposits from its members unless it first secures the NCLT's approval for doing so.

(d) Amounts received from members as deposits are, in substance, indistinguishable from share capital, and therefore attract no separate compliance obligations.

ANSWERS

1. (b) 2. (b) 3. (c) 4. (b)

CASE SCENARIO 5

ICAI Case Scenario Booklet — Case Scenario 2

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

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

(b) Register of Debenture-holders.

The registered office of the company is located in Bengaluru (Karnataka), while its corporate office is situated in Hyderabad (Telangana). Around 17% of equity shareholders and 10% of preference shareholders reside in Indore (Madhya Pradesh). Out of these, 9% of the equity shareholders and 5% of the preference shareholders jointly made a written application to the company requesting that the Register of Members be shifted to the company's liaison office in Indore. The company refused this request, stating that the register can only be maintained at its registered office.

Meanwhile, Mr. Rohan, an equity shareholder, decided to sell all his shares in Aarav Textiles Limited before settling abroad. He sold his shares to Mr. Raj on 7th May 2025 and left India on 10th May 2025, after completing all formalities for transfer.

However, Mr. Raj later discovered that his name had not yet been entered in the Register of Members. Since the company's Annual General Meeting (AGM) was scheduled for 25th May 2025, he sent an email to the company requesting entry of his name in the register. Receiving no response, Mr. Raj approached the Tribunal, which passed an order on 20th May 2025 directing the company to enter Mr. Raj's name in the Register of Members.

At the AGM, the company declared a 10% dividend out of profits earned in the previous financial year. Mr. Krish, holding 1,000 equity shares, had jointly purchased these shares two

years ago with Mr. Armaan, who is also a shareholder holding 1,000 shares. Mr. Krish is still liable to pay the final call of ₹ 20 per share.

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

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

MULTIPLE CHOICE QUESTIONS

1. Suppose the Chairman of the company went abroad two days after the AGM and remained unavailable for the next 31 days. During this period, the AGM report was signed by two directors, one of whom was an additional director. Comment on the validity of the signing of the report.
   (a) Yes, the signing is in order as the report can be signed by any director in the absence of the Chairman.
   (b) No, the signing is not in order as only the Chairman is authorised to sign the report.
   (c) Yes, the signing is in order, as in the absence of the Chairman, at least two directors may sign the report.
   (d) No, the signing is not in order, since in the absence of the Chairman, the report shall be signed by any two directors, one of whom shall be the Managing Director, if there is one, and the Company Secretary of the company.
2. According to the provisions of the Companies Act, 2013, by what date should the company submit the AGM report to the Registrar?
   (a) 4th June 2025
   (b) 9th June 2025
   (c) 24th June 2025
   (d) 25th June 2025

ANSWERS

1. (d) 2. (c)

CASE SCENARIO 6

ICAI Case Scenario Booklet — Case Scenario 29

Shree Tyres Limited is an unlisted public limited company. The company's accounts for the financial year ending on 31st March, 2023 were finalised 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.

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

MULTIPLE CHOICE QUESTIONS

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

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.

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

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.

ANSWERS

1. (c) 2. (a) 3. (d) 4. (b)