

Corrigendum/Explanation SFG FRC 2026 Test 61

There are 2 changes in today's paper. In Q.32 the correct answer is Option c and Q.50, the correct answer is Option b.

Q.32) A doubt was raised whether Statement II i.e. “The bond is exchangeable into the equity shares of a different group company rather than the issuer itself”, is wrongly framed or misleading, since equity exchange is allowed only within the same promoter group and not into any unrelated company.

Exp) The Statement II is incorrect, so the correct answer is Option c.

The doubt is valid. While the intent of the statement was to distinguish FCEBs from FCCBs, the phrase “different group company” could have been articulated more precisely to avoid interpretational confusion.

As per RBI/FEMA guidelines:

- FCEBs are issued by an **Issuing Company**.
- They are exchangeable into equity shares of an **Offered Company**.
- The Offered Company **must belong to the same promoter group** as the Issuing Company.
- Exchange into shares of an unrelated or outside company is **not permitted**.

For Future Reference:

Q.32) With reference to Foreign Currency Exchangeable Bonds (FCEB), consider the following statements:

I. It is a foreign currency-denominated debt instrument issued by an Indian company.

II. The bond is exchangeable into the equity shares of another company (Offered Company) within the same promoter group, rather than the issuer itself.

III. They are treated as part of the Foreign Direct Investment (FDI) into the Offered Company.

Which of the statements given above are correct?

- (a) I and II only
- (b) II and III only
- (c) I and III only
- (d) I, II, and III

Ans) d

Exp) Option d is the correct answer.

Statement I is correct: FCEBs are bonds issued by an Indian company (the Issuing Company) and are denominated in foreign currency. They allow the issuer to raise low-cost foreign debt by leveraging the value of its group companies.

Statement II is correct: This is the **defining difference** between an FCEB and a Foreign Currency Convertible Bond (FCCB). In an FCCB, the bond converts into the shares of the same company. In an **FCEB**, the bond is exchanged for the shares of a **different company** (the Offered Company), provided it is part of the same promoter group.

Statement III is correct: According to RBI and FEMA guidelines, when the bondholder exercises the option to exchange the bonds for equity shares of the Offered Company, the resulting equity holding is categorized under the **Foreign Direct Investment (FDI)** route and must comply with the sectoral caps of the Offered Company.

In Q.50) the pair III is correctly matched. The **OSIRIS-REx Mission** was a sample-return mission to the asteroid Benu, launched and operated by **NASA**. The mission successfully returned a sample in 2023.

For Future Reference:

Q.50) With reference to the space missions and the space agencies associated with them, consider the following pairs:

	Space Mission	Launched by
I.	ESCAPADE Mission	European Space Agency (ESA)
II.	BlueBird Block-2 Mission	ISRO
III.	OSIRIS-REx Mission	NASA

How many of the pairs given above are correctly matched?

- a) Only one
- b) Only two
- c) All three
- d) None

Ans) b

Exp) Option b is the correct answer.

Pair I is incorrect. The **ESCAPADE Mission** (Escape and Plasma Acceleration and Dynamics Explorers) is a **NASA** mission, not an ESA mission. It is designed to study Mars' magnetosphere and how the solar wind affects its atmosphere.

Pair II is correct. BlueBird Block-2 satellites were launched aboard **ISRO's LVM3 rocket** (for the U.S.-based company AST SpaceMobile). It is a satellite for broadband connectivity.

Pair III is correct. The **OSIRIS-REx Mission** was a sample-return mission to the asteroid Bennu, launched and operated by **NASA**. The mission successfully returned a sample in 2023.

Q.58) A doubt was raised whether Statement II i.e., “An NPO dependent on corporations for more than 50% of its funding is not eligible for the SSE”, is incorrect.

Clarification on Question 58: **Statement II is correct**

No change in the answer.

Source: refer page7, point no. 24 of-

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