

(ALL BATCHES)

DATE: 15.09.2018

MAXIMUM MARKS: 100

TIMING: 3¼Hours

PAPER 2 :LAW

Answer to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate who has not opted for Hindi Medium. His/her answer in Hindi will not be valued.

Question No. 1 is compulsory.

Candidates are also required to answer any Four questions from the remaining Five Questions.

In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then only the requisite number of questions first answered in the answer book shall be valued and subsequent extra question(s) answered shall be ignored.

Wherever necessary, suitable assumptions may be made and disclosed by way of note.

Question: 1

- (a) Ravi becomes guarantor for Ashok for the amount which may be given to him by Nalin within six months. The maximum limit of the said amount is Rs. 1 lakh. After two months Ravi withdraws his guarantee. Upto the time of revocation of guarantee, Nalin had given to Ashok Rs. 20,000.
- (i) Whether Ravi is discharged from his liabilities to Nalin for any subsequent loan.
- (ii) Whether Ravi is liable if Ashok fails to pay the amount of Rs. 20,000 to Nalin?
- (6 Marks)**
- (b) R is the wife of P. She purchased some sarees on credit from Q. Q demanded the amount from P. P refused. Q filed a suit against P for the said amount. Decide in the light of provisions of the Indian Contract Act, 1872, whether Q would succeed?
- (6 Marks)**
- (c) J accepted a bill of exchange and gave it to K for the purpose of getting it discounted and handing over the proceeds to J. K having failed to discount it returned the bill to J. J tore the bill in two pieces with the intention of cancelling it and threw the pieces in the street. K picked up the pieces and pasted the two pieces together, in such manner that the bill seemed to have been folded for safe custody, rather than cancelled. K put it into circulation and it ultimately reached L, who took it in good faith and for value. Is J liable to pay the bill under the provisions of the Negotiable Instruments Act, 1881 ?
- (4 Marks)**
- (d) M/s Honest Cycles Ltd. has received an application for transfer of 1,000 equity shares of Rs.10 each fully paid up in favour of Mr. Balak. On scrutiny of the application form it was found that the applicant is minor. Advise the company regarding the contractual liability of a minor and whether shares can be allotted to the Balak by way of transfer.
- (4 Marks)**

Question: 2

- (a) Briefly explain the meaning and application of the rule of "Harmonious Construction" in the interpretation of statutes.

(6 Marks)

- (b) Sunil delivered his car to Mahesh for repairs. Mahesh completed the work, but did not return the car to Sunil within reasonable time, though Sunil repeatedly reminded Mahesh for the return of the car. In the meantime a big fire occurred in the neighborhood and the car was destroyed. Decide whether Mahesh can be held liable under the provisions of the Indian Contract Act, 1872.

(6 Marks)

- (c) State, in brief, the grounds on the basis of which a banker can dishonor a cheque under the provisions of the Negotiable Instruments Act, 1881.

(4 Marks)

- (d) What conditions as required under the Companies Act, 2013 must be satisfied by a company for the forfeiture of shares of a member, who has defaulted the payment of calls? What are the consequences of such forfeiture?

(4 Marks)

Question: 3

- (a) State briefly the rules laid down under the Negotiable Instruments Act for determining the date of maturity of a bill of exchange. Ascertain the date of maturity of a bill payable hundred days after sight and which is presented for sight on 4th May, 2000.

(6 Marks)

- (b) The paid-up Share Capital of AVS Private Limited is Rs.1crore, consisting of 8 lacs Equity Shares of Rs.10 each, fully paid-up and 2 lacs Cumulative Preference Shares of Rs.10 each, fully paid-up. XYZ Private Limited and BCL Private Limited are holding 3 lacs Equity Shares and 1,50,000 Equity Shares respectively in AVS Private Limited.

XYZ Private Limited and BCL Private Limited are the subsidiaries of TSR Private Limited.

With reference to the provisions of the Companies Act, 2013, examine whether AVS Private Limited is a subsidiary of TSR Private Limited?

(6 Marks)

- (c) When is an Allotment of Shares treated as an irregular allotment? State the effects of an irregular allotment.

(4 Marks)

- (d) A Public Company has been declaring dividend at the rate of 20% on equity shares during the last 3 years. The Company has not made adequate profits during the year ended 31st March, 2015, but it has got adequate reserves which can be utilized for maintaining the rate of dividend at 20%. Advise the Company as to how it should go about if it wants to declare dividend at the rate of 20% for the year 2014-15 as per the provisions of the Companies Act, 2013.

(4 Marks)

Question 4:

- (a) Board of Directors of PQR Limited wants to create a 'Debenture Redemption Reserve (DRR)' for the redemption of debentures issued by the company under the provisions

of the Companies Act, 2013. Explain the provisions of the Companies (Share Capital and Debenture) Rules, 2014 in this regard. **(5 Marks)**

(b) After receiving 80% of the minimum subscription as stated in the prospectus, a company allotted 100 equity shares in favour of 'X'. The company deposited the said amount in the bank but withdrew 50% of the amount, before finalisation of the allotment, for the purchase of certain assets. X refuses to accept the allotment of shares on the ground that the allotment is violative of the provisions of the Companies Act, 2013. Comment. **(5 Marks)**

(c) Peek Ltd. Co. issued and published its prospectus to invite the investors to purchase its shares. The said prospectus contained false statement. Mr. X purchased some partly paid shares of the company in good faith on the Stock Exchange. Subsequently, the company was wound up and the name of Mr. X was in the list of contributors. Decide:

(i) Whether Mr. X is liable to pay the unpaid amount?

(ii) Can Mr. X sue the directors of the company to recover damages?

(5 Marks)

(d) X, a chemical manufacturing company distributed 20 lacs (Rs. Twenty Lacs) to scientific institutions for furtherance of scientific education and research. Referring to the provisions of the Companies Act, 2013 decide whether the said distribution of money was "Ultra vires" the company? **(5 Marks)**

Question 5:

Answer any four of the following:

(a) Define contract of guarantee and contract of indemnity? **(5 Marks)**

(b) What is the effect of proviso? Does it qualify the main provisions of an Enactment? Does an explanation added to a section widen the ambit of a section? **(5 Marks)**

(c) How will you interpret the definitions in a statute, if the following words are used in a statute ?

(i) Means, (ii) Includes

Give one illustration for each of the above from statutes you are familiar with.

(5 Marks)

(d) What is ejusdemgeneris?

(5 Marks)

Question 6:

(a) Define year and financial year under General Clauses Act? **(5 Marks)**

(b) Define Relative under Companies Act 2013 ? **(5 Marks)**

(c) What are the provisions for appointment of first auditor ? **(5 Marks)**

(d) Distinguish between final dividend and interim dividend ? **(5 Marks)**
