

(GI-1, GI-3, GI-4, VI-1 & SI-1)

DATE: 20.07.2019

MAXIMUM MARKS: 100

TIMING: 3¼ Hours

PAPER : 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 & 2 is compulsory.

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

Question 1: (ATTEMPT ANY 30 QUESTIONS)

1. The promoter is a person who is named as such in
 - (a) Prospectus
 - (b) Annual Return
 - (c) Both a & b
 - (d) Either a & b

(1 Mark)
2. Net worth under companies Act, 2013 does not include:
 - (a) Paid up share capital
 - (b) Free reserve
 - (c) Security premium account
 - (d) None of the above

(1 Mark)
3. Company act, 2013 override
 - (a) MoA
 - (b) AoA
 - (c) Resolution
 - (d) All of these

(1 Mark)
4. AoA can be altered by passing
 - (a) OR
 - (b) SR
 - (c) A or B
 - (d) None of these

(1 Mark)
5. Mr. Pushkar wishes to start his own venture with an idea of recycling of plastic waste. He approaches you for your advice so as to decide on which type of entity he should incorporate mainly based on the aspects of taxation, capital funding and other monetary benefits to the promoters. Kindly suggest a suitable form of entity from the following–
 - (a) Limited Liability Partnership;
 - (b) Private Limited Company;
 - (c) Section 8 Company;
 - (d) Producer Company

(1 Mark)
6. A private company may issue securities through the way of , except-
 - (a) Public offer
 - (b) Rights issue
 - (c) Bonus issue
 - (d) Private placement

(1 Mark)

7. Shelf prospectus remains valid upto-
- (a) 6 months
 - (b) 1 year
 - (c) 2 years
 - (d) 5 years
- (1 Mark)**
8. Equity shares can be :
- (a) Plain vanilla shares
 - (b) Differential Right
 - (c) A & B
 - (d) None of these
- (1 Mark)**
9. Source of buy back does not include:
- (a) Free reserve
 - (b) Security premium
 - (c) CRR
 - (d) None of these
- (1 Mark)**
10. ABC Ltd. wants to issue redeemable preference shares for a period of 35 years. Advise whether it can do so.
- (a) Yes, ABC Ltd. can issue redeemable preference shares
 - (b) Yes, ABC Ltd. can issue redeemable preference shares but for only 30 years
 - (c) Instead of issuing of shares for 35 years, ABC Ltd. should issue irredeemable preference shares
 - (d) Yes, ABC Ltd. can issue redeemable preference shares for a period not extending 20 years
- (1 Mark)**
11. Penal rate of interest in case of default in repayment of deposits for overdue period is
- (a) 12%
 - (b) 15%
 - (c) 18%
 - (d) 24%
- (1 Mark)**
12. On 30th June 2017, the liability side of Balance Sheet of X Ltd. showed balance of paid up share capital of Rs. 65 lacs, free reserve of Rs. 10 lacs, share premium account of Rs. 20 lacs, deposits of Rs. 25 lacs, repayable in the current financial year, during the month of September 2017. In July 2017, the company was in need of some short term funds to the tune of Rs. 20 lacs for a period of 6 months. The maximum amount which the company may hold as deposit together with existing deposits will be—
- (a) Rs. 33.25 Lacs
 - (b) Rs. 11.25 lacs
 - (c) Rs. 95 lacs
 - (d) Rs. 9.5 lacs
- (1 Mark)**
13. Negotiable instrument does not include
- (a) Promissory note
 - (b) Currency note
 - (c) Bill of exchange
 - (d) Cheque
- (1 Mark)**

14. Which of the following isn't a requisite of a valid General Meeting?
(a) Notice
(b) Quorum
(c) Chairperson
(d) Minutes
(1 Mark)
15. In case of Sec 8 Companies, GM may be called by giving not less than _____ days notice
(a) 7
(b) 14
(c) 21
(d) 30
(1 Mark)
16. Report on AGM is to be filed in ROC in _____ days of the conclusion of AGM
(a) 10
(b) 15
(c) 30
(d) 60
(1 Mark)
17. Register of members, debenture holders, other security holders or copies of return may also be kept at any other place in India in which more than _____ of the total number of members entered in the register of members reside, if approved by a special resolution passed at a general meeting of the company and the Registrar has been given a copy of the proposed special resolution in advance.
(a) One-half
(b) One-eight
(c) One-tenth
(d) One-third
(1 Mark)
18. Mr. X is a shareholder of Mark Pvt. Ltd. He transferred his shares to his daughter Ms. D, in the month of February. Registration of such instrument of transfer is still pending by the Company. In this scenario, Companies Act, 2013 state certain provisions which have to be kept in mind by the Company. Which provision mentioned below in this regard is correct?
(a) Company has to transfer the dividend in relation to such shares to the Unpaid Dividend Account;
(b) Company has to transfer the dividend in relation to such shares in the name of transferee;
(c) Company has to issue fully paid-up bonus shares in the name of transformer;
(d) Company has to issue fully paid-up bonus shares in the name of transferee;
(1 Mark)
19. CSR Committees of the Board shall consists of :
(a) Directors forming $1/3^{\text{rd}}$ of the total no. directors
(b) At least 2 directors
(c) 3/ more directors
(d) 3/ more directors, out of which atleast 1 director shall be an independent
(1 Mark)
20. The first auditor so appointed is to hold office till _____
(a) Conclusion of First AGM
(b) Conclusion of First GM
(c) Lapse of 1 year
(d) The expiry of 6th AGM
(1 Mark)

21. The auditor shall report the fraud to the Board within_____of discovery
(a) 2 days
(b) 3 days
(c) 7 days
(d) 10 days
(1 Mark)
22. Can LLP be appointed as auditor
(a) Yes
(b) No
(c) Yes , but audit report shall he signed by CA
(d) Can't say
(1 Mark)
23. A Guarantee obtained by a creditor by keeping silence as to material circumstances is:
(a) Valid
(b) Voidable
(c) Unenforceable
(d) Invalid
(1 Mark)
24. When the repayment of debt is to principal debtor is guaranteed by more than one person, they are called_____
(a) Guarantor
(b) Creditor
(c) Debtor
(d) Co-Surety
(1 Mark)
25. In case of a pledge, the pawnee
(a) Can retain the goods, until the debt is paid
(b) Can retain the goods for payment of interest due on debt
(c) Cannot retain the goods for necessary expenses incurred in respect of goods pledged
(d) Both (a) & (b) above
(1 Mark)
26. A had to travel to a different town for 5 days. He left his cow in the custody of B so that she can be taken care of. After two days the cow delivers a calf. Now, B has to return to A:
(a) Only the cow
(b) Only the calf
(c) Both the cow and the calf
(d) Either the cow or the calf
(1 Mark)
27. Which is the reason of termination of agency by operation of law?
(a) Expiry of period
(b) Death
(c) Destruction of subject matter
(d) All of the above
(1 Mark)
28. Bill of exchange is
(a) A written undertaking
(b) An unconditional promise
(c) An unconditional order
(d) A written acknowledgement
(1 Mark)

29. Acceptance is _____ in case of bill of exchange
(a) Compulsory
(b) Optional
(c) Not compulsory
(d) Adequate
(1 Mark)
30. Countermanding of a cheque is also known as
(a) Cancellation
(b) Dishonor
(c) Stop payment
(d) Payment through counter
(1 Mark)
31. State whether the statement is correct or not under the General Clauses Act, 1897:-
1. Where an act or omission constitutes an offence under two or more enactments the offender shall be liable to be prosecuted and punished under either or any of the acts-
(a) Incorrect
(b) Correct
(c) Cannot say
(d) None of these
(1 Mark)
32. _____ contains the main object of the act?
(a) Long title
(b) Short title
(c) Preamble
(d) None of the above
(1 Mark)
33. Ut res magis valeat quam pare at is also known as _____?
(a) Rule of harmonious construction
(b) Rule of reasonable construction
(c) Rule of ejusdem generis
(d) All of above
(1 Mark)
34. Heydons case deals with ----?
(a) Mischief rule
(b) Rule of reasonable construction
(c) Noscitur a sociis
(d) Golden rule
(1 Mark)
35. Rule of ejusdem generis is applicable when _____?
(a) Specific word follows general words
(b) General words follows specific word
(c) Either A or B
(d) Both A & B
(1 Mark)
36. As per the rule of _____ meaning of a word should be known from its accompanying or associating words ?
(a) Noscitur a sociis
(b) Strict and liberal construction
(c) Ejusdem generis
(d) None of above
(1 Mark)

Question 2:

- (a) New a One Person company (OPC) was incorporated during the year 2015-16 with an authorised capital of Rs. 45 lakhs (4.5 lakhs shares of Rs. 10 each). The capital was fully subscribed and paid up. Turnover of the company during 2015-16 and 2016-17 was Rs. 2 crores and Rs. 2.5 crores respectively. Promoter of the company seeks your advice in the following circumstances, whether New (OPC) can convert into any other kind of company during 2017-18. Please, advise with reference to relevant provisions of the Companies Act, 2013 in the below mentioned circumstances:
- (i) If promoter increases the paid up capital of the company by Rs. 10 lakhs during 2017-18
- (ii) If turnover of the company during 2017-18 was Rs. 3 crores. **(5 Marks)**
- (b) Examine the validity of the following referring to the provisions of the Companies Act, 2013 and/or Rules:
"The Articles of Association of X Ltd. contained a provision that upto 4% of issue price of the shares may be paid as underwriting commission to the underwriters. The Board of Directors of X Ltd. decided to pay 5% underwriting commission. **(5 Marks)**
- (c) What is agent's authority in case of an emergency. What are the essential conditions to be satisfied to constitute a valid emergency. Give your answer as per the provisions of the Indian act Act, 1872. **(4 Marks)**

Question 3

- (a) What is a Shelf-Prospectus? State the important provisions relating to the issuance of Shelf-Prospectus under the provisions of Companies Act, 2013. **(5 Marks)**
- (b) Explain the meaning of 'Sweat Equity Shares' and state the conditions a company has to fulfill for issuing such shares. **(5 Marks)**
- (c) R gives his umbrella to M during raining season to be used for two days during Examinations. M keeps the umbrella for a week. While going to R's house to return the umbrella, M accidentally slips and the umbrella is badly damaged. Who bear the loss and why? **(4 Marks)**

Question 4:

- (a) Ashish Ltd. having a net-worth of Rs. 80 crores and turnover of Rs. 30 crores wants to accept deposits from public other than its members. Referring to the provisions of the Companies Act, 2013, state the conditions and the procedures to be followed by Ashish Ltd. for accepting deposits from public other than its members. **(5 Marks)**
- (b) What are the powers of Registrar to make entries of satisfaction and release of charges in absence of intimation from company. Discuss as per the provisions of the Companies Act, 2013. **(5 Marks)**

- (c) X, a major, and M, a minor, executed a promissory note in favour of P. Examine with reference to the provisions of the Negotiable Instruments Act, the validity of the promissory note and whether it is binding on X and M.

(4 Marks)

Question 5:

- (a) Referring to the provisions of the Companies Act, 2013 state the matters relating to 'Ordinary Business' which may be transacted at the Annual General Meeting of a Company. What kinds of resolutions need to be passed to transact the 'Ordinary Business' and the 'Special Business' at the Annual General Meeting of the Company? Explain.

(5 Marks)

- (b) A General Meeting to be held on 15th April, 2015 at 4.00 P.M. As per the notice the members who are unable to attend the meeting in person can appoint a proxy and the proxy forms duly filled should be sent so as to reach at least 48 hours before the meeting. Mr. A, a member of the company appoints Mr. P as his proxy and the proxy form dated 10.4.2015 was deposited by Mr. P with the company at its Registered Office on 11.04.2015. However, Mr. A changes his mind and on 12.04.2015 gives another proxy to Mr. Q and it was deposited on the same day with the company. Similarly another member Mr. B also gives to separate proxies to two individuals named Mr. R and Mr. S. In the case of Mr. R, the proxy dated 12.04.2015 was deposited with the company on the same day and the proxy form in favour of Mr. S was deposited on 14.04.2015. All the proxies viz., P, Q, R and S were present before the meeting.

In the light of the relevant provisions of the Companies Act, who would be the persons allowed to represent at proxies for members A and B respectively?

(5 Marks)

- (c) Discuss with reasons, whether the following persons can be called as a 'holder' under the Negotiable Instruments Act, 1881:
- X who obtains a cheque drawn by Y by way of gift.
 - A, the payee of the cheque, who is prohibited by a court order from receiving the amount of the cheque.
 - M, who finds a cheque payable to bearer, on the road and retains it.
 - B, the agent of C, is entrusted with an instrument without endorsement by C, who is the payee.
 - B, who steals a blank cheque of A and forges A's signature.

(4 Marks)

Question 6:

- (a) In a General Meeting of Amit Limited, the Chairman directed to exclude certain matters detrimental to the interest of the company from the minutes. Manoj, a shareholder contended that the minutes must contain fair and correct summary of the proceedings thereat. Decide, whether the contention of Manoj is maintainable under the provisions of the Companies Act, 2013?

(5 Marks)

- (b) A shareholder, gives a notice for inspecting proxies, five days before the meeting is scheduled and approaches the company two days before the scheduled meeting for inspecting the same. What is the legal position relating to his actions (as per the provisions of the Companies Act, 2013)?

(5 Marks)

- (c) Mr. Ram, an advocate has fraudulently deceived his client Mr. Shyam, who was taking his expert advice on taxation matters. Now, Mr. Ram is liable to a fine for acting fraudulently both under the Advocates Act, 1961 as well as the Income Tax Act, 1961. State the provision as to whether his offence is punishable under the both the Acts, as per the General Clauses Act, 1897.

(4 Marks)

Question 7:

- (a) TAT Ltd. incurred loss in business upto current quarter of financial year 2017-18. The company has declared dividend at the rate of 12%, 15% and 18% respectively in the immediate preceding three years. In spite of the loss, the Board of Directors of the company have decided to declare interim dividend @ 15% for the current financial year. Examine the decision of TAT Ltd. stating the provisions of declaration of interim dividend under the Companies Act, 2013.

(5 Marks)

- (b) The Director of Rom Limited proposed dividend at 12% on equity shares for the financial year 2016-17. The same was approved in the annual general meeting of the company held on 20th September, 2017. The Directors declared the approved dividends. They seek your opinion on the following matters:
- (i) Mr. A, holding equity shares of face value of Rs. 10 lakhs has not paid an amount of Rs. 1 lakh towards call money on shares. Can the same be adjusted against the dividend amount payable to him?
- (ii) Ms. N was the holder of 1,000 equity shares on 31st March, 2017, but she has transferred the shares to Mr. R, whose name has been registered on 20th May, 2017. Who will be entitled to the above dividend?

(5 Marks)

- (c) Explain the rule of "Ejusdem Generis" with reference to the interpretation of statutes. State the cases in which this rule is not applicable.

(4 Marks)
