

**(GI-1, GI-2, GI-3, GI-4, VI-1 & SI-1)**

DATE: 21.09.2019

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:**

- (1) If a company is registered by incorrect information then its winding up may be ordered by:
- (a) Central Government
  - (b) Registrar of Companies
  - (c) National Company Law Tribunal
  - (d) Court
- (1 Mark)**
- (2) A company can change terms of contracts mentioned in prospectus by way of:
- (a) Ordinary resolution through postal ballot
  - (b) Ordinary resolution in meeting
  - (c) Special resolution in meeting
  - (d) Special resolution through postal ballot
- (1 Mark)**
- (3) A company shall execute a deposit trust deed at least \_\_\_\_\_ days before issuing the circular or circular in the form of advertisement.
- (a) 7
  - (b) 14
  - (c) 21
  - (d) 28
- (1 Mark)**
- (4) The Registrar may grant an extension by \_\_\_\_\_, for holding the Annual General Meeting to any company for special reasons (except in the case of first AGM of the company).
- (a) 1 Month
  - (2) 2 Months
  - (3) 3 Months
  - (4) 6 Months
- (1 Mark)**
- (5) Amount to be transferred to reserves out of profits before any declaration of dividend is \_\_\_\_\_
- (a) 5%
  - (b) 7.5%
  - (c) 10%
  - (d) at the discretion of the company
- (1 Mark)**

- (6) The books of accounts of every company shall be maintained in order for:  
(a) 3 Years  
(b) 5 years  
(c) 8 years  
(d) 10 years  
**(1 Mark)**
- (7) Which of the following can be appointed as an auditor?  
(a) LLP  
(b) Person covered under section 144  
(c) Both  
(d) None  
**(1 Mark)**
- (8) Auditor can hold security in company upto Rs. \_\_\_\_\_  
(a) Rs. 1,00,000  
(b) Rs. 5,00,000  
(c) Cannot hold even a single security  
(d) Rs. 10,000  
**(1 Mark)**
- (9) If the goods of the bailor gets mixed up with the like goods of the bailee by the bailee, the cost of separation will have to be borne by-  
(a) Bailor  
(b) Bailee  
(c) The third party  
(d) Bailor & bailee in proportion of their share of goods  
**(1 Mark)**
- (10) A person employed by, and acting under the control of, the original agent in the business of agency is known as \_\_\_\_\_  
(a) Substituted Agent  
(b) Sub-Agent  
(c) Special Agent  
(d) Del-credere Agent  
**(1 Mark)**
- (11) Truncated cheque is a cheque which is truncated during \_\_\_\_\_  
(a) The deposit in Payee's Bank  
(b) The Transfer to the Drawer's bank  
(c) The course of clearing cycle  
(d) The time of payment  
**(1 Mark)**
- (12) According to the General Clauses Act, 1897 Official Gazette shall mean  
(a) The Gazette of India  
(b) The Gazette of a State  
(c) (a) and (b)  
(d) (a) or (b)  
**(1 Mark)**

- (13) If a company changes its name; which of the following is most accurate:
- (a) It is not allowed to use old name in any way
  - (b) New name should not be identical with old name
  - (c) Old name should be painted/printed for next 1 years along with new name
  - (d) Old name should be painted/printed for next 2 years along with new name
- (2 Marks)**
- (14) If a company have authorized share capital of Rs. 6,00,000; paid up share capital of Rs. 5,00,000; and a Loan from government of Rs. 2,00,000. Government ordered the company to convert its loan into shares. In this case; such order has the effect of increasing -
- (a) the subscribed share capital of the company
  - (b) the paid up share capital of the company
  - (c) the authorised share capital of the company
  - (d) all of the above
- (2 Marks)**
- (15) If a charge is created on or after 02-11-2018 but the registration is not made within the original period of 30 days and also not made within next 30 days after the expiry of original 30 days, then the Registrar is empowered to allow such registration to be made within a further period of \_\_\_\_\_
- (a) 30 days
  - (b) 45 days
  - (c) 60 days
  - (d) 90 days
- (2 Marks)**
- (16) Provisions of CSR are applicable to:
- (a) Companies with net worth of 500 cr or more
  - (b) Companies with turnover of 1000 cr or more
  - (c) Companies with net profit of 5 cr or more in any financial year
  - (d) All of the above
- (2 Marks)**
- (17) The auditors of a company can be removed by the
- (a) Board of directors of the company
  - (b) Audit committee
  - (c) Company in general meeting by ordinary resolution and previous approval of CG
  - (d) Company in general meeting by special resolution and previous approval of CG
- (2 Marks)**
- (18) A contracts with B for a fixed price to construct a house for B within a stipulated time. B would supply the necessary material to be used in the construction. C guarantees A's performance of the contract. B does not supply the material as per the agreement. As per the provisions of the Indian Contract Act, 1872:
- (a) C is liable to A
  - (b) C is liable to B
  - (c) C is liable to A for the cost material not supplied
  - (d) C is discharged from his liability
- (2 Marks)**

- (19) \_\_\_\_\_ an instrument in writing containing an unconditional undertaking signed by the maker to pay a certain sum of money only to, or to the order of, a certain person or to the bearer of the instrument
- (a) Promissory Note
  - (b) Bill of exchange
  - (c) Cheque
  - (d) None of the above
- (2 Marks)**
- (20) According \_\_\_\_\_ rule of interpretation meaning of a word should be known from its accompanying or associating words?
- (a) Mischief rule
  - (b) Golden rule
  - (c) Noscitur a sociis
  - (d) Primary rule
- (2 Marks)**
- (21) Which rule says that if there is a conflict between two provision of the act then we should interpret so that effect must be given to all of them -
- (a) Rule of literal construction
  - (b) Mischief rule or heydon rule
  - (c) Rule of reasonable construction
  - (d) Rule of harmonious construction
- (2 Marks)**

**Question 2:**

- (a) Anushka security equipments limited is a manufacturer of CCTV cameras. It has raised Rs. 100 crores through public issue of its equity shares for starting one more unit of CCTV camera manufacturing. It has utilized 10 crores rupees and then it realized that its existing business has no potential for expansion because government has reduced customs duty on import of CCTV camera hence imported cameras from china are cheaper than its own manufacturing. Now it wants to utilize remaining amount in mobile app development business by adding a new object in its memorandum of association. Does the Companies Act allow such change of object. If not then what advise will you give to company. If yes, then give steps to be followed.
- (5 Marks)**
- (b) Mr. X, is employed as a cashier on a monthly salary of Rs. 2,000 by ABC bank for a period of three years. Y gave surety for X's good conduct. After nine months, the financial position of the bank deteriorates. Then X agrees to accept a lower salary of Rs. 1,500/- per month from Bank. Two months later, it was found that X has misappropriated cash since the time of his appointment. What is the liability of Y?
- (5 Marks)**
- (c) 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.
- (4 Marks)**

**Question 3:**

- (a) Shri Laxmi Electricals Ltd. (s) is a company in which Hanuman Power Suppliers Limited (H) is holding 60% of its paid up share capital. One of the shareholder of H made a charitable trust and donated his 10% shares in H and Rs. 50 crores to the trust. He appoint S as the trustee. All the assets of the trust are held in the name of S. Can a subsidiary hold shares in its holding company in this way?  
**(5 Marks)**
- (b) A hires a carriage of B and agrees to pay Rs. 500 as hire charges. The carriage is unsafe, though B is unaware of it. A is injured and claims compensation for injuries suffered by him. B refuses to pay. Discuss the liability of B.  
**(5 Marks)**
- (c) Explain the provisions relating to deposit trustee under Companies Act 2013.  
**(4 Marks)**

**Question 4:**

- (a) State in what way does the Companies Act, 2013 regulate and restrict the following in respect of a company going for public issue of shares:  
(i) Minimum Subscription, and  
(ii) Application Money payable on shares being issued  
**(5 Marks)**
- (b) A appoints M, a minor, as his agent to sell his watch for cash at a price not less than Rs. 700. M sells it to D for Rs. 350. Is the sale valid? Explain the legal position of M and D, referring to the provisions of the Indian act Act, 1872.  
**(5 Marks)**
- (c) Benson Limited issued a notice with the agenda for nine businesses to be transacted in the Annual General Meeting (two businesses were regarding appointment of Mr. Sahu and Mr. Pranav as directors). The chairman decided to move the resolutions for all the nine businesses together to save the time of the members present. Examine the validity of the resolutions.  
**(4 Marks)**

**Question 5:**

- (a) Xgen Limited has a paid-up equity capital and free reserves to the extent of Rs. 50,00,000. The company is planning to buy-back shares to the extent of Rs. 4,50,000. The company approaches you for advice with regard to the following:  
(i) Is special resolution required to be passed?  
(ii) What is the time limit for completion of buy-back?  
(iii) What should be ratio of aggregate debts to the paid-up capital-and free reserves after buy-back?  
**(5 Marks)**
- (b) X drew a cheque payable to 'Y or on order'. Unfortunately it was lost and Y's endorsement was forged. Subsequently, the banker pays for the cheque. Is the banker discharged from liability? What will be the consequences if the drawer's signatures were forged?  
**(5 Marks)**

- (c) YZ Ltd is a manufacturing company & has proposed a dividend @ 10% for the year 2017-18 out of the current year profits. The company has earned a profit of Rs. 910 crores during 2017-18. YZ Ltd. does not intend to transfer any amount to the general reserves of the company out of current year profit. Is YZ Ltd. allowed to do so? Comment.

**(4 Marks)**

**Question 6:**

- (a) At a General meeting of a company, a matter was to be passed by a special resolution. Out of 40 members present, 20 voted in favour of the resolution, 5 voted against it and 5 votes were found invalid. The remaining 10 members abstained from voting. The Chairman of the meeting declared the resolution as passed. With reference to the provisions of the Companies Act, 2013, examine the validity of the Chairman's declaration.

**(5 Marks)**

- (b) What is the effect on the implementation of the Rules that are issued between passing and commencement of enactment. Explain as per the provisions of the General Clauses Act, 1897.

**(5 Marks)**

- (c) The Companies Act, 2013 has prescribed an additional duty on the Board of Directors to include in the Board's Report a 'Directors' Responsibility Statement'. Explain briefly the details to be furnished in the said statement.

**(4 Marks)**

**Question 7:**

- (a) Explain how the auditor will be appointed in the following cases:
- A Government Company within the meaning of section 394 of the Companies Act, 2013.
  - The Auditor of the company (other than government company) has resigned on 31<sup>st</sup> December, 2016, while the Financial year of the company ends on 31<sup>st</sup> March, 2017.

**(5 Marks)**

- (b) Explain the importance of "Preamble" and "Proviso" being internal aids to interpretation.

**(5 Marks)**

- (c) X owned a land with fifty tamarind trees. He sold his land and the timber (obtained after cutting the fifty trees) to Y. X wants to know whether the sale of timber tantamount to sale of immovable property. Advise him with reference to provisions of "General Clauses Act, 1897".

**(4 Marks)**

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