

(GI-1, GI-2+4, GI-3, GI-5+6 & VDI-1, VI-1, SI-1)

DATE: 13.09.2020

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. GHWX Private Limited was incorporated in the year 2009. The registered office of the company GHWX Private Limited was situated in city T of state V. The Board of Directors of GHWX Private Limited comprised of five directors namely Mr. K, Mr. N, Mr. R, Mr. U and Mr. W.

During the financial year beginning on 01/04/2018 and ending on 31/03/2019 the second meeting of Board of Directors of GHWX Private Limited was held on 7 September, 2018.

Out of 5 directors, Mr. K, Mr. N, Mr. R and Mr. W were present for the said meeting. During the meeting of Board of Directors a resolution on one of the important matters was passed. While three directors namely Mr. K, Mr. N and Mr. R agreed with the resolution and voted in favour of resolution, however, Mr. W did not agree with the resolution and voted against the resolution.

The minutes of the second meeting of Board of Directors of GHWX Private Limited held on 7 September, 2018 were prepared and they were entered in Minutes Book of meeting of Board of Directors of GHWX Private Limited. One of the director Mr. K was of the opinion that minutes of second meeting of Board of Directors of GHWX Private Limited must be prepared and entered in Minute Book of meeting of Board of Directors of GHWX Private Limited by end of October, 2018. The remaining four directors namely Mr. N, Mr. R, Mr. U and Mr. W did not agree with the opinion of Mr. K because they thought that it was not within the time limit as prescribed by the law.

One of the directors, Mr. N. opined that minute books of meetings of Board of Directors of GHWX Private Limited for the years starting with 2009 to 2015 should be shredded to ruins as these papers were taking a lot of space. He further added that since the Companies Act, 2013 is silent as to maintaining the minute book of meetings of Board of Directors, it is not necessary to maintain such minute books.

The Board of Directors of GHWX Private Limited did not decide any place where minute book of meetings of Board of Directors of GHWX Private Limited will be kept.

Keeping the provisions of the Companies Act, 2013, in mind answer the following multiple choice questions:

(A) The second meeting of Board of Directors of GHWX Private Limited was held on 7 September, 2018 for the financial year 2018-19. The minutes of second meeting of Board of Directors of GHWX Private Limited for financial year 2018 -19 must contain:

- (a) Name of director Mr. U who was absent from the meeting of Board of Directors held on 7 September, 2018.
- (b) Names of all the directors Mr. K, Mr. N, Mr. R, Mr. U and Mr. W comprising Board of Directors of GHWX Private Limited.
- (c) Name of one director Mr. U who was absent and atleast one director who was present in the meeting of Board of Directors held on 7 September, 2018.
- (d) Names of directors Mr. K, Mr. N, Mr. R and Mr. W who were present in the meeting of Board of Directors held on 7 September, 2018.

(2 Marks)

- (B) In case of the resolution talked in the case study, the minutes of second meeting of Board of Directors of GHWX Private Limited for financial year 2018-19 held on 7 September, 2018 must contain:
- (a) Name of any two directors who were present in meeting and voted in the resolution.
 - (b) Name of director Mr. W who voted against the resolution.
 - (c) Name of directors Mr. K, Mr. N and Mr. R who voted in favour of the resolution.
 - (d) Names of all the directors Mr. K, Mr. N, Mr. R, Mr. U and Mr. W who all had the right to attend the meeting and vote in the resolution.

(2 Marks)

- (C) The opinion of one of the director, Mr. K was that minutes of second meeting of Board of Directors of GHWX Private Limited for financial year 2018-19 must be prepared and entered in minutes book of meeting of Board of Directors of GHWX Private Limited by the end of October, 2018 is incorrect. The opinion of Mr. K is incorrect because:
- (a) Minutes of second meeting of Board of Directors of GHWX Private Limited for financial year 2018-19 must be entered in minute book of meeting of Board of Directors within thirty days of the conclusion of meeting on 7 September, 2018.
 - (b) Minutes of second meeting of Board of Directors of GHWX Private Limited for the financial year 2018-19 must be entered in minute book of meeting of Board of Directors within sixty days of the conclusion of meeting on 7 September, 2018.
 - (c) Minutes of second meeting of Board of Directors of GHWX Private Limited for the financial year 2018-19 must be entered in minute book of meeting of Board of Directors within ninety days of the conclusion of meeting on 7 September, 2018.
 - (d) Minutes of second meeting of Board of Directors of GHWX Private Limited for financial year 2018-19 must be entered in minute book of meeting of Board of Directors within one twenty days of the conclusion of meeting on 7 September, 2018.

(1 Mark)

2. Definition of relative under companies Act, 2013 does not include :

- (a) Father
- (b) Mother
- (c) Uncle
- (d) Sister

(1 Mark)

3. Sweat equity shares are not issued to:

- (a) Directors
- (b) Employee
- (c) Officer of company
- (d) Member of company

(1 Mark)

4. 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)

5. Domicile clause related with
(a) Name of company
(b) Registered office of company
(c) Object of company
(d) Liability of member of company
(1 Mark)
6. Which is not the model from of AoA
(a) Table E
(b) Table F
(c) Table G
(d) Table H
(1 Mark)
7. Whose proxy will be counted in quorum
(a) President
(b) Member
(c) MLA
(d) None of the above
(1 Mark)
8. Company act, 2013 override
(a) MoA
(b) AoA
(c) Resolution
(d) All of these
(1 Mark)
9. Charge is required to be registered by
(a) Charge holder
(b) Company
(c) RoC
(d) Member of company
(1 Mark)
10. Security under company Act, 2013 is defined in:
(a) FEMA Act
(b) RBI Act
(c) SCRA Act
(d) None of these
(1 Mark)
11. Equity shares can be :
(a) Plain vanilla shares
(b) Differential Right
(c) A & B
(d) None of theses
(1 Mark)
12. If non altered Copy of MoA is distributed then defaulter officer is liable for
(a) Rs. 500 every copy
(b) Rs. 1000 every copy
(c) Rs. 5000 every copy
(d) None of these
(1 Mark)
13. If CG order then name of company is altered by passing
(a) Ordinary resolution
(b) Special resolution
(c) Unanimous resolution
(d) None of these
(1 Mark)

14. Which is not the source of issue of bonus share
(a) Fee reserve
(b) Security premium A/c
(c) Both A & B
(d) None of these
(1 Mark)
15. Which of the following amount is not credited to IEPF Account
(a) Unpaid dividend account of company
(b) Matured deposit with company
(c) Profit on sale of asset
(d) Matured debentures with companies
(1 Mark)
16. If declared dividend has not been paid or the warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the company shall also be liable to pay simple interest at the rate of such default continues.
(a) 5%
(b) 6%
(c) 15%
(d) 18%
(1 Mark)
17. A principal accepts an agent's unauthorized contract through_____of the contract.
(a) Ramification
(b) Ratification
(c) Subornation
(d) Subrogation
(1 Mark)
18. The bailment of goods as security for payment of a debt is called
(a) Lien
(b) Mortgage
(c) Hypothecation
(d) Pledge
(1 Mark)
19. Who enjoys the right of subrogation in a contract of guarantee?
(a) Creditor
(b) Principal debtor
(c) Surety
(d) Indemnified
(1 Mark)
20. The liability of a hotel keeper in respect of goods belonging to a guest is that of a
(a) Pawnee
(b) Surety
(c) Bailee
(d) Acceptor
(1 Mark)
21. 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
(1 Mark)

22. Internal aids in interpretation of statutes include _____?
(a) Title
(b) Preamble
(c) Marginal notes
(d) All of the above
(1 Mark)
23. The number of parties to a Promissory Note is _____
(a) 2
(b) 4
(c) 6
(d) 3
(1 Mark)
24. Acceptance is _____ in case of bill of exchange
(a) Compulsory
(b) Optional
(c) Not compulsory
(d) Not necessary
(1 Mark)
25. Liability of maker is _____ in case of bill of exchange
(a) Primary
(b) Unlimited
(c) Unconditional
(d) Secondary
(1 Mark)
26. In the case of Bill of Exchange drawee is the _____.
(a) Maker
(b) Acceptor
(c) Payee
(d) None of the above
(1 Mark)
- (Total 30 Marks)**

Question 2:

- (a) Define associate company under Companies Act 2013.
(5 Marks)
- (b) Define sweat equity shares and employee stock option under Companies Act 2013.
(5 Marks)
- (c) Amit stands surety for 'Bikram' for any amount which 'Chander' may lend to 'Bikram' from time to time during the next three months subject to a maximum amount of Rs. 1,00,000 (one lakh only). One month later 'Amit' revokes the surety, when 'Chander' had already lent to 'Bikram' Rs. 10,000 (ten thousand). Referring to the provisions of the Indian Contract Act, 1872. Decide:
(i) Whether 'Amit' is discharged from all the liabilities to 'Chander' for any subsequent loan given to 'Bikram'?
(ii) What would be your answer in case 'Bikram' makes a default in paying back to 'Chander' the already borrowed amount of Rs. 10,000?
(4 Marks)

Question 3:

- (a) State what is meant by "Quorum" and when does quorum be considered immaterial under the provisions of the Companies Act, 2013.
(5 Marks)

- (b) PQR limited wants to raise funds for its upcoming project. It has issued private placement offer letters to 55 persons in their individual name to issue its equity shares. Out of these four are qualified institutional buyers. Before allotment under this offer letter company issued another private placement offer letter to another 155 persons in their individual name for issue of its debentures. Being a public company can it issue securities in a private placement? Is it in compliance with provisions related to private placement or should these offers be treated as public offers? What if the offer for debentures is given after allotment of equity shares but within the same financial year?

(5 Marks)

- (c) Define holder and holder in due course according to negotiable Instrument Act, 1881.

(4 Marks)

Question 4:

- (a) Enumerate the amounts which when received by a company in the ordinary course of business are not to be considered as deposits.

(6 Marks)

- (b) The Articles of Association of X Ltd. require the personal presence of 7 members to constitute quorum of General Meetings. The following persons were present in the extra-ordinary meeting to consider the appointment of Managing Director:

- (i) A, the representative of Governor of Madhya Pradesh.
- (ii) B and C, shareholders of preference shares.
- (iii) D, representing Y Ltd. and Z Ltd.
- (iv) E, F, G and H as proxies of shareholders.

Can it be said that the quorum was present in the meeting?

(6 Marks)

- (c) What is "Affidavit" under the General Clauses Act, 1897?

(2 Marks)

Question 5:

- (a) Discuss the following situations in the light of 'deposit provisions' as contained in the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended from time to time.

- (i) Samit, one of the directors of Zarr Technology Private Limited, a start-up company, requested his close friend Ritesh to lend to the company Rs. 30.00 lacs in a single tranche by way of a convertible note repayable within a period six years from the date of its issue. Advise whether it is a deposit or not.
- (ii) Polestar Traders Limited received a loan of Rs. 30.00 lacs from Rachna who is one of its directors. Advise whether it is a deposit or not.
- (iii) City Bakers Limited failed to repay deposits of Rs. 50.00 crores and interest due thereon even after the extended time granted by the Tribunal. Is the company or Swati, its officer-in-default, liable to any penalty?
- (iv) Shringaar Readymade Garments Limited wants to accept deposits of Rs. 50.00 lacs from its members for a tenure which is less than six months. Is it a possibility?
- (v) Is it in order for the Diamond Housing Finance Limited to accept and renew deposits from the public from time to time?

(6 Marks)

- (b) State the difference in restrictions in transfer and effect of refusal to transfer of shares in a public and a private company?

(5 Marks)

- (c) Explain the rule of 'EJUSDEM GENERIS' while interpreting the statutes quoting an example. **(3 Marks)**

Question 6:

- (a) Mr. Antriksh purchased a commercial property in Delhi belonging to NRT Limited after entering into an agreement with the company. At the time of registration, Mr. Antriksh comes to know that the title deed of the company is not free and the company expresses its inability to get the title deed transferred in his name contending that he ought to have the knowledge of charge created on the property of the company. Explain, whether the contention of NRT Limited is correct? **(7 Marks)**
- (b) Explain the matter which an auditor is required to report in his audit report under Companies Act 2013 and Rules there under. **(7 Marks)**

Question 7:

- (a) ABC Ltd. is an unlisted public company engaged in pharma sector and has paid up capital of rupees 10 crores and achieved turnover of rupees 200 crores during financial year 2015-16. Is it necessary for ABC Ltd. to file its financial statement in XBRL mode? **(5 Marks)**
- (b) Explain the provision relating to audit of branch office of the company. **(4 Marks)**
- (c) Explain the rule of harmonious construction for interpretation of statute. **(5 Marks)**

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