

(GI-1, GI-2+4, GI-3, GI-5+6 & VDI-1, VI-1, SI-1)
DATE: 04.07.2020 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. A director member deposited with company Rs. 5000 and demanded that AGM notice should be sent by Blue Dart courier only. Is that company bound to serve it that way only?
 - (a) Yes because he is a director
 - (b) No because company is allowed to serve documents by ordinary post
 - (c) Yes because member has deposited money
 - (d) No because directors can't get special privileges

(1 Mark)

2. Which of the following is not true?
 - (a) in case of shares; the rate of underwriting commission to be paid shall not exceed five percent of the issue price of the share.
 - (b) underwriting commission should not be more than the rate specified by the Article of Association
 - (c) in case of debentures; the rate of underwriting commission shall not exceed five percent of the issue price of the debentures.
 - (d) amount of commission may be paid out of profits of the company

(1 Mark)

3. Identify the false statement with respect to issue of sweat equity shares by a company:
 - (a) company should pass a special resolution
 - (b) There is not limit as to maximum rate of discount
 - (c) company should seek approval of Central Government
 - (d) sweat equity shares means the equity shares issued by the company to the directors or employees at a discount or for consideration other than cash

(1 Mark)

4. Every company shall pay a penal rate of interest_____for the overdue period in case of deposits, both secured and unsecured, matured and claimed but remaining unpaid
 - (a) 9% p.a.
 - (b) 10% p.a.
 - (c) 12% p.a.
 - (d) 18% p.a.

(1 Mark)

5. Charge holder can apply to ROC for registration of charge if company does not register the charge within
- (a) 30 days
 - (b) 300 days
 - (c) 60 days
 - (d) 90 days
- (1 Mark)**
6. A member willing to inspect Proxies list may file his request with company at least _____ days before the GM
- (a) 3
 - (b) 7
 - (c) 10
 - (d) 14
- (1 Mark)**
7. After payment of debt under contract of guarantee the surety get all the right which creditor had against Principal debtor, this is called right of _____
- (a) Repossession
 - (b) Subrogation
 - (c) Disruption
 - (d) Distortion
- (1 Mark)**
8. The bailment of goods as security for payment of a debt is called
- (a) Lien
 - (b) Mortgage
 - (c) Hypothecation
 - (d) Pledge
- (1 Mark)**
9. _____ of an instrument means a person legally entitled to possess and receive in his own name
- (a) Owner
 - (b) Maker
 - (c) Holder
 - (d) Receiver
- (1 Mark)**
10. Which of the following is included in the definition of "Person" according to the General Clauses Act, 1897
- (a) Any Company
 - (b) Association
 - (c) (a) and (b)
 - (d) (a) or (b)
- (1 Mark)**
11. Which among the following is the cardinal rule of construction of statutes-
- (a) Harmonious Rule of construction
 - (b) Beneficial Rule of construction
 - (c) Literal Rule of construction
 - (d) Reasonable Rule of construction
- (1 Mark)**

12. Which of the following is internal aids for interpretation of statutes
- Reference to reports of committees
 - Statement of object and reasons
 - Dictionaries
 - Preamble
- (1 Mark)**
13. XYZ Co; is having 15% share capital held by X Company and 50% held by central Government and 10% held by State Government and 25% held by other people then that company will be_____.
- Government Company
 - Private Company
 - Public Company
 - None of these
- (2 Marks)**
14. A company bought back 10% of its equity shares in March 2020; it wants to buy back further 10% equity shares in April; 2020.
- it can; subject to fulfillment of other conditions; because maximum buyback in a financial year can be 25%
 - It can't; because there must be time gap of 12 months between two buybacks
 - It can; but it will have to pass special resolution in place of board resolution
 - It can't; because other conditions might not have fulfilled
- (2 Marks)**
15. Mr. N is a Company Secretary of Mayo Limited. For calling Company's Annual General meeting, Mr. N has to issue notice of that meeting before stipulated period of time. Draft notice is ready with him. However, he is confused on agenda items for which he has to attach explanatory statement to the notice. Please help him to understand which agenda item needs explanatory Statement?
- Consideration of Auditors Report;
 - Fixing remuneration of Auditor;
 - Fixing remuneration of Manager;
 - Declaration of any dividend;
- (2 Marks)**
16. As per Rule 3 of Companies (Declaration and Payment of Dividend) Rules, 2014, in case of inadequacy of profit the dividend amount drawn shall not exceed_____
- Average of Dividend for immediately preceding 3 financial years
 - 1/10th of the paid up capital and free reserves
 - 15% of the paid up capital
 - 50% of the Dividend paid during immediately preceding financial year
- (2 Marks)**
17. From the following information in respect of company ABC Ltd. Compute the amount the company is required to spend on account of Corporate Social Responsibility:
- Past Three Years Data
- | Financial Year | Net Profit (In Cr.) |
|----------------|---------------------|
| 2015-16 | 30 |
| 2016-17 | 22 |
| 2017-18 | 27 |
- 26 Crore
 - 52 Lacs
 - 55 Lacs
 - 26 Lacs
- (2 Marks)**

18. Which of the following is a prohibited services to be rendered by the auditor of the Company-
- (a) Design and implementation of any financial information system
 - (b) Making report to the members of the company on the accounts examined by him
 - (c) Compliance with the auditing standards
 - (d) Reporting of fraud against the company by officers or employees to the Central Government
- (2 Marks)**
19. _____ is an instrument in writing, containing an unconditional order, signed by the maker, directing a certain person, to a 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. As per Sec. 14 of General Clauses Act, where, by any Central Act or Regulation made after the commencement of this Act, any power is conferred, then unless a different intention appears that powers may be exercised _____
- (a) From time to time
 - (b) Only once
 - (c) Can't say
 - (d) None of the above
- (2 Marks)**
21. Mr. Ram, an advocate has fraudulently deceived his client Mr. Shyam, who was taking his expert advice on taxation matters. According to Sec. 26 of General Clauses Act, Mr. Ram's offence is punishable under which Act or Acts?
- (a) Advocates Act, 1961
 - (b) IPC
 - (c) (a) & (b)
 - (d) (a) or (b)
- (2 Marks)**

Question 2:

- (a) Manglu and friends got registered a company in the name of Taxmann advisory private limited. Taxmann is a registered trade mark. After 5 years when the owner of trade mark come to know about the same, it filed an application with relevant authority. Can the company be compelled to change its name by the owner of trade mark? Can the owner of registered trade mark request the company to changes its name at its discretion?
- (5 Marks)**
- (b) M lends a sum of Rs. 5,000 to B, on the security of two shares of a Limited Company on 1st April 2007. On 15th June, 2007, the company issued two bonus shares. B returns the loan amount of Rs. 5,000 with interest but M returns only two shares which were pledged and refuses to give the two bonus shares. Advise B in the light of the provisions of the Indian Contract Act, 1872.
- (5 Marks)**

- (c) An allottee of shares in a Company brought action against a Director in respect of false statements in prospectus. The director contended that the statements were prepared by the promoters and he has relied on them. Is the Director liable under the circumstances? Decide referring to the provisions of the Companies Act, 2013.

(4 Marks)

Question 3:

- (a) Mr Nilesh has transferred 1000 shares of Perfect Ltd. to Ms. Mukta. The company has refused to register transfer of shares and does not even send a notice of refusal to Mr. Nilesh or Ms. Mukta respectively within the prescribed period. Discuss as per the provisions of the Companies Act, 2013, whether aggrieved party has any right(s) against the company for such refusal?

(5 Marks)

- (b) 'A' stands surety for 'B' for any amount which 'C' may lend to B from time to time during the next three months subject to a maximum of Rs. 50,000. One month later A revokes the guarantee, when C had lent to B Rs. 5,000. Referring to the provisions of the Indian Contract Act, 1872 decide whether 'A' is discharged from all the liabilities to 'C' for any subsequent loan. What would be your answer in case 'B' makes a default in paying back to 'C' the money already borrowed i.e. Rs. 5,000?

(5 Marks)

- (c) Explain provisions relating to deposit register under companies Act 2013.

(4 Marks)

Question 4:

- (a) Define member under companies Act, 2013.

(5 Marks)

- (b) What are the essential elements of a "Promissory note" under the Negotiable Instruments Act, 1881? Whether the following notes may be considered as valid Promissory notes:

- (i) "I promise to pay Rs. 5,000 or 7,000 to Mr. Ram."
(ii) I promise to pay to Mohan Rs. 500, if he secures 60% marks in the examination.
(iii) I promise to pay Rs. 3,000 to Ravi after 15 days of the death of A.

(5 Marks)

- (c) Examine the validity of the following decisions of the Board of Directors with reference of the provisions of the Companies Act, 2013.

- (i) In an Annual General Meeting of a company having share capital, 80 members present in person or by proxy holding more than 1/10th of the total voting power, demanded for poll. The chairman of the meeting rejected the request on the ground that only the members present in person can demand for poll.
(ii) In an annual general meeting, during the process of poll, the members who earlier demanded for poll want to withdraw it. The chairman of the meeting rejected the request on the ground that once poll started, it cannot be withdrawn.

(4 Marks)

Question 5:

- (a) Renuka Soaps and Detergents Limited realised on 2nd May, 2019 that particulars of charge created on 12th March, 2019 in favour of a Bank were not registered with the Registrar of Companies. What procedure should the company follow to get the charge registered? Would the procedure be different if the company realised its mistake of not registering the charge on 7th June, 2019 instead of 2nd May, 2019? Explain with reference to the relevant provisions of the Companies Act, 2013. **(5 Marks)**
- (b) Bholenath drew a cheque in favour of Surendar. After having issued the cheque; Bholenath requested Surendar not to present the cheque for payment and gave a stop payment request to the bank in respect of the cheque issued to Surendar. Decide, under the provisions of the negotiable Instruments Act, 1881 whether the said acts of Bholenath constitute an offence? **(5 Marks)**
- (c) Infotech Ltd. was incorporated on 1.4.2016. No General Meeting of the company has been held till 30.4.2018. Discuss the provisions of the Companies Act, 2013 regarding the time limit for holding the first annual general meeting of the Company and the power of the Registrar to grant extension of time for the First Annual General Meeting. **(4 Marks)**

Question 6:

- (a) Shipra Sugar Mills Limited has been regularly declaring dividend at the rate of 20% on its equity shares for the past 3 years. However, the company has not made adequate profits during the current year ending on 31st March, 2019, but it has got adequate free reserves which can be utilized for maintaining the rate of dividend at 20%. Advise the company as to how it should proceed in the matter if it wants to declare dividend at the rate of 20% for the year 2018-19, as per the provisions of the Companies Act, 2013. **(5 Marks)**
- (b) Komal Ltd. declares a dividend for its shareholders in its AGM held on 27th September, 2018. Referring to provisions of the General Clauses Act, 1897 and Companies Act, 2013, advice:
(i) The dates during which Komal Ltd. is required to pay the dividend?
(ii) The dates during which Komal Ltd. is required to transfer the unpaid or unclaimed dividend to unpaid dividend account? **(5 Marks)**
- (c) Alpha Herbals, a Section 8 company is planning to declare dividend in the Annual General Meeting for the Financial Year ended 31-03-2019. Mr. Chopra is holding 800 equity shares as on date. State whether the act of the company is according to the provisions of the Companies Act, 2013. **(4 Marks)**

Question 7:

- (a) A Housing Finance Ltd. is a housing finance company having a paid up share capital of Rs. 11 crores and a turnover of Rs. 145 crores during the financial year 2017-18. Explain with reference to the relevant provisions and rules, whether it is necessary for A Housing Finance Ltd. to file its financial statements in XBRL mode. **(5 Marks)**

(b) Gaurav Textile Company Limited has entered into a contract with a Company. You are invited to read and interpret the document of contract. What rules of interpretation of deeds and documents would you apply while doing so?

(5 Marks)

(c) Examine the following situations in the light of the Companies Act, 2013

(i) Mr. Ayush, a Chartered Accountant, has been appointed as an auditor of X Ltd. In the Annual General Meeting of the company held in September 2018, in which he accepted the assignment. Subsequently, in January 2019 he joined B, as a partner in the consultancy firm of Mr. B. Mr. B is also working as a Finance Executive of X Ltd.

(ii) "Mr. Abhi", a practicing Chartered Accountant, is holding securities of Abhiman Ltd. having face value of Rs. 1000/-. Whether Mr. Abhi is qualified for appointment as an Auditor of Abhiman Ltd.?

(4 Marks)
