

(GI-7, VI-VDI-SI-3)

DATE: 27.03.2022

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) Right of premature termination of bailment is available for bail or under
(a) Gratuitous Bailment
(b) Non-gratuitous Bailment
(c) Both (a) & (b)
(d) Neither (a) nor (b) **(1 Mark)**
- (2) A person who untruly represents himself to be authorized agent of another & thereby induced third party to deal with him :
(a) Implied Agent
(b) Universal Agent
(c) Pretended Agent
(d) General Agent **(1 Mark)**
- (3) Order instrument can be negotiated by
(a) Endorsement only
(b) Delivery only
(c) Endorsement and delivery
(d) Either (a) or (b) **(1 Mark)**
- (4) Liability of a maker of a promissory note is
(a) Secondary
(b) Vicarious
(c) Primary
(d) Strict **(1 Mark)**
- (5) Which of the following negotiable instrument can be crossed?
(a) Cheque
(b) BOE
(c) Promissory note
(d) Hundi **(1 Mark)**
- (6) In the case of Bill of Exchange drawee is the _____.
(a) Maker
(b) Acceptor
(c) Payee
(d) None of the above **(1 Mark)**

- (7) According to the General Clauses Act, 1897 _____ is a Movable Property.
(a) Trees
(b) Buildings
(c) Timber
(d) Rights of way to access
(1 Mark)
- (8) Which of the following shall be included in the expression – “Writing”
(a) Printing
(b) Lithography
(c) Photography
(d) All of the above
(1 Mark)
- (9) According to Sec 9, it shall be sufficient, for the purpose of _____ the first in series of days to use the word “from” and for the purpose of _____ the last in a series of days, to use the word “to”.
(a) Include, exclude
(b) Exclude, include
(c) Include, include
(d) Exclude, exclude
(1 Mark)
- (10) Which is Internal Aid?
(a) Foreign Decision
(b) Preamble
(c) Previous Law
(d) None
(1 Mark)
- (11) Which is External Aid?
(a) Foreign Decision
(b) Marginal Note
(c) Both
(d) None
(1 Mark)
- (12) Literal construction means:
(a) Grammatical construction
(b) Depth meaning
(c) Either (a) or (b)
(d) None
(1 Mark)
- (13) A written document by which some legal rights are created in favour of some person
(a) Endorsement
(b) Instrument
(c) Promissory note
(d) Negotiation
(1 Mark)

- (14) _____ is the charter of a company.
(a) Memorandum
(b) Articles
(c) Both (a) and (b)
(d) None of the above
(1 Mark)
- (15) Debentures certificate is to be issued within _____ months of allotment
(a) 2 months
(b) 3 months
(c) 6 months
(d) 9 months
(1 Mark)
- (16) After buy back of shares debt equity Ratio should not exceed
(a) 4 : 1
(b) 3 : 1
(c) 1 : 2
(d) 2 : 1
(1 Mark)
- (17) Equity shares _____ converted into equity share capital carrying differential voting rights
(a) Can be
(b) Cannot be
(c) Can be but partly
(d) None of these
(1 Mark)
- (18) An Eligible Company (Govt. Co.) can raise deposit up to _____ of Paid Up Capital & Free Reserves & Securities Premium.
(a) 10%
(b) 25%
(c) 35%
(d) 100%
(1 Mark)
- (19) Registration of charge is not required to be done if charge is created
(a) In India
(b) Outside India
(c) Both (a)&(b)
(d) None of these
(1 Mark)
- (20) An Index of securities is not necessary to be maintained if the number of security holders are less than _____
(a) 20
(b) 50
(c) 100
(d) 200
(1 Mark)

- (21) The register of company can be closed for any period not exceeding in the aggregate _____ days in the years
- (a) 15
 - (b) 30
 - (c) 45
 - (d) 60
- (1 Mark)**
- (22) The gap between 2 AGM's shouldn't exceed _____
- (a) 12 months
 - (b) 15 months
 - (c) 6 months
 - (d) 9 months
- (1 Mark)**
- (23) Reason of casual vacancy of auditor post can be due to
- (a) Death
 - (b) Disqualification
 - (c) Resignation by auditor
 - (d) All the above
- (1 Mark)**
- (24) Which party's Liability under guarantee is Co-extensive with the liability of principal debtor?
- (a) Creditor
 - (b) Third Party
 - (c) Guarantor
 - (d) Debtor
- (1 Mark)**
- (25) Angel Infrastructures Pvt. Ltd. with a paid up capital of Rs. 45 Lacs and annual turnover of Rs.175 Lacs, is a wholly owned subsidiary of Almighty Infrastructure Development Ltd. a listed company. Can Angel Infrastructures be called a small company?
- (a) Yes. The paid up capital and annual turnover of Angel Infrastructure Pvt. Ltd. is not exceeding the limit as specified under the definition of Small company.
 - (b) No. Because Angel Infrastructure Pvt. Ltd. is a wholly owned subsidiary company.
 - (c) No. Because Angel Infrastructure Pvt. Ltd. is not a subsidiary of a listed company.
 - (d) No. Because the paid up capital is Rs. 45 lacs less than prescribed limit of Rs. 50 Lacs but its turnover is exceeding Rs. 100 Lacs.
- (2 Marks)**
- (26) Jatin is desirous of forming a 'One Person Company (OPC)' for which he wants to nominate his wife Jasmin who in the event of his death shall become the member of OPC. However, he is not aware of as to which document should contain the name of the nominee. Advise him in the matter.
- (a) Name of the nominee should be mentioned in the Articles of Association after the names of the directors.

- (b) Name of the nominee should be mentioned in the Memorandum of Association
- (c) Either Articles of Association or Memorandum of Association may contain the name of the nominee.
- (d) There is no need to mention the name of the nominee in either Articles of Association or Memorandum of Association; a simple consent letter obtained from the nominee and kept in the records is sufficient.

(2 Marks)

(27) Extra Limited is a growing Company and requires additional funds for expansion from time to time. They are following the same process for making an offer to public and then issue those shares. This is very time and energy consuming for them. Kindly advise them if there is any way out.

- (a) During first offer they shall file prospectus with a validity on one year, so subsequent offer issued during the period of validity of that prospectus, no further prospectus is required;
- (b) During first offer they shall file prospectus with a validity on two years, so subsequent offer issued during the period of validity of that prospectus, no further prospectus is required;
- (c) During first offer they shall file shelf prospectus with a validity on one year, so subsequent offer issued during the period of validity of that prospectus, no further prospectus is required;
- (d) During first offer they shall file shelf prospectus with a validity on two years, so subsequent offer issued during the period of validity of that prospectus, no further prospectus is required;

(2 Marks)

Question 2:

(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)

Question 3:

- (a) A group of individuals intend to form a club namely 'Budding Pilots Flying Club' as limited liability company to impart class room teaching and aircraft flight training to trainee pilots. It was decided to form a limited liability company for charitable purpose under Section 8 of the Companies Act, 2013 for a period of ten years and thereafter the club will be dissolved and the surplus of assets over the liabilities, if any, will be distributed amongst the members as a usual procedure allowed under the Companies Act.

Examine the feasibility of the proposal and advise the promoters considering the provisions of the Companies Act, 2013.

(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 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) 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 6:

- (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 7:

- (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:

(i) X who obtains a cheque drawn by Y by way of gift.

- (ii) A, the payee of the cheque, who is prohibited by a court order from receiving the amount of the cheque.
- (iii) M, who finds a cheque payable to bearer, on the road and retains it.
- (iv) B, the agent of C, is entrusted with an instrument without endorsement by C, who is the payee.
- (v) B, who steals a blank cheque of A and forges A's signature.

(4 Marks)

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