

**(GI-1, GI-2, VI-VDI-SI-1,2)**

DATE: 01.07.2022

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 is compulsory.

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

**Question 1:**

1. 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)**
  
2. In how many days from the date of declaration, the interim dividend shall be deposited in a separate bank account
  - (a) 5 days
  - (b) 7 days
  - (c) 15 days
  - (d) 21 days

**(1 Mark)**
  
3. A negotiable instrument drawn in favor of a minor is
  - (a) Void
  - (b) Void but enforceable
  - (c) Valid
  - (d) None of the above

**(1 Mark)**
  
4. 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

**(1 Mark)**
  
5. An agent is not liable to the principal if
  - (a) He is a minor
  - (b) He is of unsound mind
  - (c) a and b both
  - (d) None of these

**(1 Mark)**
  
6. Utres 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)**

7. 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)**
8. 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)**
9. Heydons case deals with \_\_\_\_\_?  
(a) Mischief rule  
(b) Rule of reasonable construction  
(c) Noscitur a sociis  
(d) Golden rule  
**(1 Mark)**
10. In a contract of guarantee, a person, who promises to discharge another's liability is called:  
(a) Principal debtor  
(b) Creditor  
(c) Indemnifier  
(d) Surety  
**(1 Mark)**
11. \_\_\_\_\_ contains the main object of the act?  
(a) Long title  
(b) Short title  
(c) Preamble  
(d) None of the above  
**(1 Mark)**
12. A negotiable instrument that is payable to order can be transferred by:  
(a) Simple delivery  
(b) endorsement and delivery  
(c) endorsement  
(d) registered post  
**(1 Mark)**
13. A company can re-open/ recast its book of accounts on an application to Tribunal made by:  
(a) Registrar  
(b) Member  
(c) Board of Directors  
(d) Income –tax authorities  
**(1 Mark)**

14. 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)**

15. G Ltd. (a company having CSR Committee as per the provision of Section 135 of the Companies Act, 2013) decides to spend and utilize half of the amount of Corporate Social Responsibility on the activities for the benefit of all the employees of G Limited and the remaining half of the amount of Corporate Social Responsibility on the activities for the benefit of family members of employees of G Limited As per the provision of Companies Act, 2013 this would mean that:-
- (a) This is the total amount spent on Corporate Social Responsibility activities by G Limited for that financial year
  - (b) No amount spent on Corporate Social Responsibility activities by G Limited for that financial year
  - (c) Half amount spent on Corporate Social Responsibility activities by G Limited for that financial year
  - (d) Half amount spent on Corporate Social Responsibility activities and remaining half amount spent on Other Activities by G Limited for that financial year

**(2 Marks)**

16. Cyplish Games and Toys Limited was sanctioned a term loan of Rs. 60.00 lacs by Zawnn Industrial Bank Limited on 21st November, 2018. As a security, the company offered its office premises situated at Bandra, Mumbai and an instrument of charge was executed. However, the company failed to get the charge registered with the concerned Registrar within the first as well as second statutory period available as per law. This was adversely commented by the internal auditors of the bank and therefore, after a strict advisory received from Shahji, the senior manager of the bank, the company was prompted to take steps for registration of charge. Name the specific type of fees which the company is now required to pay for registration of charge.
- (a) Special Fees
  - (b) Ad-valorem Fees
  - (c) A Late Registration Fees
  - (d) Ad-valorem Duty

**(2 Marks)**

17. A company registered with the name of a trade mark already in existence:
- (a) Central Government can give it an order anytime to change its name
  - (b) Company will have to change its name within 3 months from the order of Central Government
  - (c) Trademark owner will make complaint within three years
  - (d) All of the above

**(2 Marks)**

18. Delight Sports Garments Limited is contemplating to raise funds through issue of prospectus in which, according to the directors, a sum of Rs. 50 crores should be stated as the minimum amount that needs to be subscribed by the prospective subscribers. The funds shall be raised in four instalments consisting of application, allotment, first call and second & final call. Advise the company by which instalment it should receive the minimum subscription stated in the prospectus.

- (a) Along with amount subscribed as application money
- (b) Along with amount subscribed as final call money
- (c) Along with amount subscribed as first call money
- (d) Along with amount subscribed as second and final call money

**(2 Marks)**

19. All the 40 members of Taxila Traders Limited have valid voting rights. Due to some urgency, its directors are desirous of convening Annual General Meeting (AGM) at a shorter notice than statutorily required. Is it possible for them to do so?

- (a) Taxila Traders Limited cannot convene AGM at shorter notice than statutorily required.
- (b) Taxila Traders Limited can convene AGM at shorter notice than statutorily required, if consent in writing or by electronic mode is accorded by all the forty members who are entitled to vote at the AGM.
- (c) Taxila Traders Limited can convene AGM at shorter notice than statutorily required if consent in writing or by electronic mode is accorded by at least 38 members who are entitled to vote at the AGM.
- (d) Taxila Traders Limited can convene AGM at shorter notice than statutorily required if consent in writing or by electronic mode is accorded by at least 36 members who are entitled to vote at the AGM.

**(2 Marks)**

20. A draws a bill on B for Rs. 500 payable to the order of A. B accepts the bill, but subsequently dishonours it by non-payment. A sues B on the bill. B proves that it was accepted for value as to Rs. 400, and as an accommodation to the plaintiff as to the residue. Thus, as per the provisions of the Negotiable Instruments Act, 1881, A can only recover the following amount:

- (a) Rs. 900
- (b) Rs. 500
- (c) Rs. 400
- (d) Rs. 100

**(2 Marks)**

21. Sumitra Healthcare and Hospitality Limited had issued 9% non-convertible debentures which matured four years back. However, 1000 such debentures of Rs. 100 each are still remaining unclaimed and unpaid even after the maturity. State the period after which the company needs to transfer them to Investor Education and Protection Fund (IEPF) if they remain unclaimed and unpaid.

- (a) After the expiry of five years from the maturity date
- (b) After the expiry of six years from the maturity date
- (c) After the expiry of seven years from the maturity date
- (d) After the expiry of eight years from the maturity date

**(2 Marks)**

22. If change of right of one class also affect right of other class then:

- (a) A resolution should be passed in general meeting in this case
- (b) company need not to do anything else
- (c) Consent of three fourth majority of that other class should also be obtained
- (d) a resolution in combined meeting of both class should be passed

**(2 Marks)**

**Question 2:**

(a) Mars India Ltd. owed to Sunil Rs. 1,000. On becoming this debt payable, the company offered Sunil 10 shares of Rs. 100 each in full settlement of the debt. The said shares were fully paid and were allotted to Sunil. Examine the validity of this allotment in the light of the provisions of the Companies Act, 2013.

**(5 Marks)**

(b) Mr. S Venkatesh drew a cheque in favor of M who was sixteen years old. M settled his rental due by endorsing the cheque in favor of Mrs. A the owner of the house in which he stayed. The cheque was dishonored when Mrs. A presented it for payment on grounds of inadequacy of funds. Advise Mrs. A how she can proceed to collect her dues.

**(5 Marks)**

(c) 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.

**(4 Marks)**

**Question 3:**

(a) KMN Ltd. scheduled its annual general meeting to be held on 11th March, 2018 at 11:00 A.M. The company has 900 members. On 11<sup>th</sup> March, 2018 following persons were present by 11:30 A.M.

(1) P1, P2 & P3 shareholders

(2) P4 representing ABC Ltd.

(3) P5 representing DEF Ltd.

(4) P6 & P7 as proxies of the shareholders

(i) Examine with reference to relevant provisions of the Companies Act, 2013, whether quorum was present in the meeting.

(ii) What will be your answer if P4 representing ABC Ltd., reached in the meeting after 11:30 A.M.?

(iii) In case lack of Quorum, discuss the provisions as applicable for an adjourned meeting in terms of date, time & place.

(iv) What happens if there is no Quorum in the Adjourned meeting?

**(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) The Authorized share capital of SSP Limited is Rs. 5 crore divided into 50 Lakhs equity shares of Rs. 10 each. The Company issued 30 Lakhs equity shares for subscription which was fully subscribed. The Company called so far Rs. 8 per share and it was paid up. Later on the Company proposed to reduce the Nominal Value of equity share from Rs. 10 each to Rs. 8 each and to carry out the following proposals:

(i) Reduction in Authorized Capital from Rs. 5 crore divided into 50 Lakhs equity shares of Rs. 10 each to Rs. 4 crore divided into 50 Lakhs equity shares of Rs. 8 each.

- (ii) Conversion of 30 Lakhs partly paid up equity shares of Rs. 8 each to fully paid up equity shares of Rs. 8 each there by relieving the shareholders from making further payment of Rs. 2 per share.

State the procedures to be followed by the Company to carry out the above proposals under the provisions of the Companies Act, 2013.

**(4 Marks)**

**Question 4:**

- (a) Parag Constructions Limited is a leading infrastructure company. One of the directors of the company Mr. Parag has been signing all construction contracts on behalf of company for many years. All the parties who ever deal with the company know Mr. Parag very well. Company has got a very important construction contract from a renowned software company. Parag constructions will do construction for this site in partnership with a local contractor Firoz bhai. Mr. Parag signed partnership deed with Firoz bhai on behalf of company because he has an implied authority. Later in a dispute company denied to accept liability as a partner. Can the company deny its liability as a partner?

**(5 Marks)**

- (b) (i) What is the effect of proviso? Does it qualify the main provisions of an Enactment?  
(ii) Does an explanation added to a section widen the ambit of a section?

**(5 Marks)**

- (c) One-fourth of the subscribed capital of AMC Limited was held by the Government of Rajasthan. Mr. Neeraj, a Chartered Accountant, was appointed as an auditor of the Company at the Annual General Meeting held on 30 April 2018 by an ordinary resolution. Mr. Sanjay, a shareholder of the Company, objects to the manner of appointment of Mr. Neeraj on the ground of violation of the Companies Act 2013. Decide whether the objection of Mr. Sanjay is tenable? Also examine the consequences of the above appointment under the said Act.

**(4 Marks)**

**Question 5:**

- (a) Explain the following in brief with reference to Companies Act 2013:

- (i) National Financial Reporting Authority (NFRA)  
(ii) Corporate Social Responsibility (CSR) Committee

**(5 Marks)**

- (b) Mr. Chetan was appointed as Site Manager of ABC Constructions Company on a two years contract at a monthly salary of Rs. 50,000. Mr. Pawan gave a surety in respect of Mr. Chetan's conduct. After six months the company was not in position to pay Rs. 50,000 to Mr. Chetan because of financial constraints. Chetan agreed for a lower salary of Rs. 30,000 from the company. This was not communicated to Mr. Pawan. Three months afterwards it was discovered that Chetan had been doing fraud since the time of his appointment. What is the liability of Mr. Pawan during the whole duration of Chetan's Appointment?

**(5 Marks)**

- (c) The Board of Directors of A Ltd. requested its Statutory Auditor to accept the assignment of designing and implementation of suitable financial information system to strengthen the internal control mechanism of the Company. How will you approach to this proposal, as an Statutory Auditor of A Ltd., taking into account the consequences, if any, of accepting this proposal?

**(4 Marks)**

**Question 6:**

- (a) Mr. Raja along with his family members is running successfully a trading business. He is capable of developing his ideas and participating in the market place. To achieve this, Mr. Raja formed a single person economic entity in the form of One Person Company with his brother Mr. King as its nominee. On 4th May 2020, Mr. King withdrew his consent as Nominee of the One Person Company. Can he do so under the provisions of the Companies Act, 2013?

Examine whether the following individuals are eligible for being nominated as Nominee of the One Person Company as on 5th May 2020 under the above said Act.

- (i) Mr. Shyam, son of Mr. Raja who is 15 years old as on 5th May 2020.  
(ii) Ms. Devaki an Indian Citizen, sister of Mr. Raja stays in Dubai and India. She stayed in India during the period from 2nd January 2019 to 16th August 2019. Thereafter she left for Dubai and stayed there.  
(iii) Mr. Ashok, an Indian Citizen residing in India who is presently a member of a 'One Person Company'.

**(5 Marks)**

- (b) Define Grammatical Interpretation. What are the exceptions to grammatical interpretation?

**(5 Marks)**

- (c) Define the term "charge" and also explain what is the punishment for default with respect to registration of charge as per the provisions of the Companies Act, 2013.

**(4 Marks)**

**Question 7:**

- (a) Which fund may be utilized by a public limited company for purchasing (buy back) its own shares? Also explain the provisions of the Companies Act, 2013 regarding the circumstances in which a company is prohibited to buy back its own shares.

**(5 Marks)**

- (b) Ram purchases some goods on credit from Singh, payable within 3 months. After 2 months, Ram makes out a blank cheque in favour of Singh, signs and delivers it to Singh with a request to fill up the amount due, as Ram does not know the exact amount payable by him.

Singh fills up fraudulently the amount larger than the amount payable by Ram and endorses the cheque to Chandra in full payment of Singh's own due. Ram's cheque is dishonoured. Referring to the provisions of the Negotiable Instruments Act, 1881, discuss the rights of Singh and Chandra.

**(5 Marks)**

- (c) Viki Limited engaged in the business of consumer durables. It is managed by a team of professional managers. The Company has not made default in payment of statutory dues, and repayment of debenture/ Institutional loan with interest. The Company advertised a circular in the newspaper dated 20th September 2020 inviting the deposits from the members and public for the first time. The latest audited financial statement of the Company revealed the following data, as on 31.3.2020:

Paid up share capital	Rs. 70 Crores
Securities Premium	Rs. 20 Crores
Free Reserves	Rs. 20 Crores
Long-term borrowings	Rs. 50 Crores

The Company in the advertisement invited public deposit for a period of 4 Months Plan A and Plan B for 36 Months.

- (i) Explain the term 'eligible company' and calculate the Maximum amount of Deposit that can be accepted from Public (Non-Member) for Plan A and Plan B based on latest audited Financial Statement under the provisions of the Companies Act, 2013.
- (ii) Calculate the maximum amount of deposit Viki Limited can accept from the public under Plan B in case it is a wholly owned Government Company under the provisions of the said Act.

**(4 Marks)**

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