

(GI-8 & FMT)

DATE: 30.03.2023

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.

DIVISION - A**Question 1:**

1. A private company by the name of Neha Pvt. Limited was incorporated in the year 2002. The registered office of the company Neha Pvt. Limited was situated in city K of state Y. During the financial year beginning on 01/04/2018 and ending on 31/03/2019 the turnover of the company Neha Pvt. Limited was Rs. 1010 crore. The net profit of the company Neha Pvt. Limited for the financial year 2018-19 was Rs. 4 crore. The Board of Directors of Neha Pvt. Limited consisted of only two directors namely Mr. M and Mr. N. Mr. M and Mr. N were the only directors of company Neha Pvt. Limited since its incorporation in the year 2002. Mr. M one of the two directors of Neha Pvt. Limited was of the opinion that no Corporate Social Responsibility Committee of the Board was required to be formed as for the financial year 2019 – 20 due to the reason that net profit of the company Neha Pvt. Limited for financial year 2018-19 was Rs. 4 crore which was less than Rs. 5 crore. Mr. N the other director of Neha Pvt. Limited was not having the same opinion as Mr. M. He was of the opinion that Corporate Social Responsibility Committee of the Board must be formed for the company Neha Pvt. Limited. The net profit of the company Neha Pvt. Limited for the financial year 2015-16, 2016-17 and 2017-18 were Rs.1 crore, Rs.2 crore and Rs.3 crore respectively. Keeping the basic provisions of Companies Act in mind answer the following multiple choice questions:

- (A) Mr. M one of the director of Neha Pvt. Limited was of the opinion that no Corporate Social Responsibility Committee of Board was required to be formed for financial year 2019-20 but Mr. N other director was of opinion that it was required to be formed.

According to your understanding which one of the two director is right and why:

- (a) Mr. M because net profit of Neha Pvt. Limited for financial year 2018-19 was less than Rs. 5 crore.
(b) Mr. N because turnover of Neha Pvt. Limited for financial year 2018-19 was more than Rs. 1,000 crore.
(c) Mr. N because net profit of Neha Pvt. Limited for financial year 2018-19 was more than Rs. 2 crore.
(d) Mr. M because turnover of Neha Pvt. Limited for financial year 2019-19 was less than Rs. 1,500 crore.

(2 Marks)

- (B) The company Neha Pvt. Limited must give preference to spend the amount of contribution towards Corporate Social Responsibility in area of:

- (a) City O of State Y
(b) City A of State Z
(c) City G of State Z
(d) City K of State Y

(2 Marks)

- (C) According to law Corporate Social Responsibility Committee shall consist of three or more directors, so for company Neha Pvt. Limited the Corporate Social Responsibility Committee will:
- (a) Not be formed as it has only two directors namely Mr. M and Mr. N
 - (b) Be formed only after appointing one more director apart from Mr. M and Mr. N
 - (c) Be formed with two directors only namely Mr. M and Mr. N
 - (d) Be formed only after appointing two more directors apart from Mr. M and Mr. N

(2 Marks)

- (D) The company Neha Pvt. Limited shall spend during financial year 2018-19 on Corporate Social Responsibility an amount of atleast:
- (a) Rs. 0.04 crore
 - (b) Rs. 0.12 crore
 - (c) Rs. 0.18 crore
 - (d) Rs. 0.06 crore

(2 Marks)

2. Which one of the following is not the content of the Memorandum of Association?
- (a) Name clause
 - (b) Registered office clause
 - (c) Objects clause
 - (d) Board of Directors clause
- (1 Mark)**
3. Only a natural person who is an Indian citizen and who has stayed in India for a period of at least _____ days during the immediately preceding one calendar year shall be eligible to incorporate a OPC:
- (a) 180 days
 - (b) 181 days
 - (c) 120 days
 - (d) 183 days
- (1 Mark)**
4. A section 8 company can call its general meeting by giving a clear at least _____ notice:
- (a) 7 days
 - (b) 14 days
 - (c) 21 days
 - (d) 27 days
- (1 Mark)**
5. Shelf prospectus remains valid upto:
- (a) 6 months
 - (b) 1 year
 - (c) 2 years
 - (d) 5 years
- (1 Mark)**
6. Part of the capital for which application have been received from the public and shares allotted to them:
- (a) Nominal capital
 - (b) Issued capital
 - (c) Subscribed capital
 - (d) Called up capital
- (1 Mark)**

7. Shares which are issued by a company to its directors or employees at a discount or for a consideration:
(a) Equity shares
(b) Preference shares
(c) Sweat equity shares
(d) Redeemable preference shares
(1 Mark)
8. An eligible company as per section 76, which is accepting deposits within the limits specified under section 180(1) (c) may accept deposits by means of_____.
(a) Ordinary resolution
(b) Unanimous resolution
(c) Special resolution
(d) Special resolution and approval of Central Government
(1 Mark)
9. Which one of the following required ordinary resolution?
(a) To change the name of the company
(b) To alter the articles of association
(c) To reduce the share capital
(d) To declare dividends
(1 Mark)
10. 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
(b) 2 Months
(c) 3 Months
(d) 6 Months
(1 Mark)
11. 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)
12. 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
(1 Mark)
13. Person named in the instrument to whom money is directed to be paid:
(a) Drawer
(b) Acceptor
(c) Maker
(d) Payee
(1 Mark)

14. Parties to a negotiable instrument can be discharged from liability by:
(a) Cancellation
(b) Payment
(c) Release
(d) All of the above
(1 Mark)
15. The delivery of goods by one person to another as security for the payment of a debt is called:
(a) Bailment
(b) Pledge
(c) Mortgage
(d) Hypothecation
(1 Mark)
16. The preamble is most important in any legislation, it:
(a) Provides definitions in the Act
(b) Expresses scope, object and purpose of the Act
(c) Provides summary of the entire Act
(d) None of the above
(1 Mark)
17. Rule of Beneficial construction is also known as:
(a) Purposive construction
(b) Mischieve Rule
(c) Heydons's Rule
(d) All of the above
(1 Mark)
18. Pick the odd one out of the following aids to interpretation:
(a) Preamble
(b) Marginal Notes
(c) Proviso
(d) Usage
(1 Mark)
19. Definition of relative under companies Act, 2013 does not include:
(a) Father
(b) Mother
(c) Uncle
(d) Sister
(1 Mark)
20. Sweat equity shares are not issued to:
(a) Director
(b) Employee
(c) Officer of company
(d) Member of company
(1 Mark)
21. 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)

22. Addition of word "Ltd." is not required to be added after the name of:
- (a) Public company
 - (b) Listed public company
 - (c) Govt. company
 - (d) None of the above
- (1 Mark)**
23. Domicile clause is related with:
- (a) Name of company
 - (b) Registered office of company
 - (c) Object of company
 - (d) Liability of members of company
- (1 Mark)**

DIVISION - B

Question 2:

- (a) XY Ltd. has its registered office at Mumbai in the State of Maharashtra. For better administrative conveniences the company wants to shift its registered office from Mumbai to Pune (State of Maharashtra). What formalities the company has to comply with under the provisions of the Companies Act, 2013 for shifting its registered office as stated above? Explain.
- (5 Marks)**
- (b) Explain the exceptions of Doctrine of Indoor Management?
- (5 Marks)**
- (c) 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. Is C discharged from his liability.
- (4 Marks)**
- (d) The Board of directors of Bharat Ltd. has a practical problem. The registered office of the company is situated in a classified backward area of Maharashtra. The Board wants to keep its books of account at its corporate office in Mumbai which is conveniently located. The Board seeks your advice about the feasibility of maintaining the accounting records at a place other than the registered office of the company. Advise?
- (5 Marks)**

Question 3:

- (a) Unique Builders Limited decides to pay 2.5 percent of the value of debentures as underwriting commission to the underwriters but the Articles of the company authorize only 2.0 percent underwriting commission on debentures. The company further decides to pay the underwriting commission in the form of flats. Examine the validity of the above arrangements under the provisions of the Companies Act, 2013.
- (5 Marks)**
- (b) 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.
- (5 Marks)**

(c) P draws a bill on Q for Rs. 10,000. Q accepts the bill. On maturity the bill was dishonored by non-payment. P files a suit against Q for payment of Rs. 10,000. Q proved that the bill was accepted for value of Rs. 7,000 and as an accommodation to the plaintiff for the balance amount i.e. Rs. 3,000. Referring to the provisions of the Negotiable Instruments Act, 1881 decide whether P would succeed in recovering the whole amount of the bill?

(4 Marks)

(d) What is "Immovable Property" under the General Clauses Act, 1897?

(3 Marks)

Question 4:

(a) Explain the conditions for issue of equity shares with differential rights?

(6 Marks)

(b) VRS Company Ltd. is holding 45% of total equity shares in SV Company Ltd. The Board of Directors of SV Company Ltd. (incorporated on January 1, 2007) decided to raise the share capital by issuing further Equity shares. The Board of Directors resolved not to offer any shares to VRS Company Ltd, on the ground that it was already holding a high percentage of the total number of shares already issued, in SV Company Ltd. The Articles of Association of SV Company Ltd. provides that the new shares be offered to the existing shareholders of the company. On March 1, 2007 new shares were offered to all the shareholders except VRS Company Ltd. Referring to the provisions of the Companies Act, 2013 examine the validity of the decision of the Board of Directors of SV Company Limited of not offering any further shares to VRS Company Limited.

(6 Marks)

(c) How will you interpret the definitions in a statute, if the following words are used in a statute?

- (i) Means,
- (ii) Includes

Give one illustration for each of the above from statutes you are familiar with.

(5 Marks)

Question 5:

(a) Explain the rules relating to appointment of Trustee for Depositors?

(6 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.

(6 Marks)

(c) Explain the rule of 'beneficial construction' while interpreting the statutes quoting an example.

(5 Marks)

Question 6:

(a) The Annual General Meeting of KMP Limited was held on 30th April, 2016. The Articles of Association of the company is silent regarding the quorum of the General Meeting. Only 10 members were personally present in the above meeting, out of the total 2,750 members of the company. The Chairman adjourned the meeting for want of quorum. Referring to the provisions of the Companies Act, 2013, examine the validity of Chairman's decision.

(7 Marks)

(b) Star Ltd. declared and paid dividend in time to all its equity holders for the financial year 2015-16, except in the following two cases:

- (i) Mrs. Sheela, holding 250 shares had mandated the company to directly deposit the dividend amount in her bank account. The company, accordingly remitted the dividend but the bank returned the payment on the ground that there was difference in surname of the payee in the bank records. The company, however, did not inform Mrs. Sheela about this discrepancy.
- (ii) Dividend amount of Rs. 50,000 was not paid to Mr. Mohan, deceased, in view of court order restraining the payment due to family dispute about succession. You are required to analyse these cases with reference to provisions of the Companies Act, 2013 regarding failure to distribute dividends.

(6 Marks)

(c) Explain the provision relating to Remuneration of Auditor u/s 142

(4 Marks)

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