

Paper 2: Business Laws, Ethics and Communications (Old Course)

1. 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. High Aim Pvt. Ltd. wants to change its object clause of the Memorandum of Association of the Company. The needs:.

- (a) Shareholders approval by way of Ordinary Resolution
- (b) Shareholders approval is not required for change of object clause of the company.
- (c) Shareholders approval by way of Special Resolution
- (d) The approval from Tribunal for changing object clause of the company.

3. Sapan and Sanjay made a name reservation application accompanied by requisite fee to the Registrar for forming a new private company. The Registrar accorded its approval for reservation of most preferred name Sapanjay Softwares Private Ltd. on 6th July, 2018. In how many days, necessary documents for incorporation of the company must be submitted to the Registrar so that the reserved name does not get lapsed.

- (a) Within 10 days from the date of approval
- (b) Within 20 days from the date of approval
- (c) Within 45 days from the date of approval
- (d) Within 60 days from the date of approval

4. Seema Bulbs Ltd. is desirous of having significant influence in Shaukeen LED Bulbs and Tubes Ltd. so that the latter becomes its 'associate company'. For exercising 'significant influence' one of the options available to Seema Bulbs is to control at least twenty per cent of total voting power of Shaukeen LED Bulbs and Tubes. What is the other option available?

- (a) To control or participate in the recruitment decisions relating to appointment of middle management personnel of Shaukeen LED Bulbs and Tubes under an agreement.
- (b) To control or participate in the dividend decisions of Shaukeen LED Bulbs and Tubes under an agreement.
- (c) To control or participate in the business decisions of Shaukeen LED Bulbs and Tubes under an agreement.
- (d) To control or participate in the export decisions of Shaukeen LED Bulbs and Tubes under an agreement.

5. ABC Infrastructures Limited is a listed company quoted at National Stock Exchange. The company closed its Register of Members in June and August, 2017 for 12 and 21 days respectively. The CFO of company has informed the company secretary to consider closing of register in December for another 15 days for some strategic reasons. Referring to the provisions of Companies Act, 2013, examine the validity of above action of the company.

- (a) Valid, as the closure of register of members by company each time is not exceeding 30 days.
- (b) Invalid, as company cannot go for closure of Register of members more than twice in a year.
- (c) Invalid, as the period of closing register of members exceeding 30 days in a year.
- (d) Invalid, as the period of closing the Register of members by the company is exceeding 45 days in a year.

6. Rukmani, a fresh science graduate, wants to make available the farmers good quality seeds and manure. For her business she is contemplating to form a company and is weighing various options. Sometimes before, she came to know that a 'one person company' has minimum one member and one director whereas a private company has minimum two members and two directors. As regards a public company, she has vague idea that there should be minimum three directors but she does not know about the minimum members required in this case. Advise.

- (a) When there is requirement of minimum three directors, the public company can be formed by minimum three persons.
- (b) There should be minimum five persons for formation of a public company though requirement of minimum directors shall remain three.
- (c) There should be minimum seven persons for formation of a public company though requirement of minimum directors shall remain three.
- (d) There should be minimum nine persons for formation of a public company though requirement of minimum directors shall remain three.

7. Ravi is the owner of a grocery store. In March 2018, he got the idea of forming a 'One Person Company' and convinced his sister Ruchika, an Indian citizen who resides in London but visits India from time to time, to become nominee in his OPC. In the year 2017, Ruchika first came to India on 10th January and left for London on 26th February. Thereafter, she again visited India on 7th June and remained here till 10th October and boarded an evening flight for London on the same day. From then onward she did not visit India in the year 2017 but on 2nd January 2018 she came to India for a short duration and left for London on 14th February, 2018. Is it possible for Ravi to appoint Ruchika as nominee?

- (a) Ruchika can be appointed as nominee by Ravi because she is a natural person, an Indian citizen and resided in India for more than 90 days during the year 2017.
- (b) Ruchika can be appointed as nominee by Ravi because she is a natural person, an Indian citizen and resided in India for more than 182 days during the years 2017 and 2018 i.e. prior to March 2018 when Ravi contemplated to form his OPC.
- (c) Ravi cannot appoint Ruchika as nominee in his OPC because she did not reside in India for 182 days or more during the year 2017 though she is a natural person and also an Indian citizen .
- (d) Since Ravi is the sole member of his OPC who will look after all its affairs and the appointment of nominee is just a formality, a visit to India during 2017 for any number of days would make Ruchika eligible to be appointed as nominee.

8. On 30th June 2017, the liability side of Balance Sheet of X Ltd. showed balance of paid up share capital of Rs. 65 lacs, free reserve of Rs. 10 lacs, share premium account of Rs. 20 lacs, deposits of Rs. 25 lacs, repayable in the current financial year, during the month of September 2017. In July 2017, the company was in need of some short term funds to the tune of Rs. 20 lacs for a period of 6 months. The maximum amount which the company may hold as deposit together with existing deposits will be—

- (a) Rs. 33.25 Lacs
- (b) Rs. 11.25 lacs

- (c) Rs. 95 lacs
- (d) Rs. 9.5 lacs.

9. Ruchir Marcons Ltd. which provides marketing and consultancy services is keen to have a 'significant influence' in Ruchika Marketing Ltd. so that it becomes its 'associate company'. For having 'significant influence' Ruchir Marcons Ltd. needs to control certain percentage of total voting power of Ruchika Marketing Ltd. What is that?

- (a) For creating 'significant influence' Ruchir Marcons Ltd. must control at least five per cent of total voting power of Ruchika Marketing Ltd.
- (b) For creating 'significant influence' Ruchir Marcons Ltd. must control at least ten per cent of total voting power of Ruchika Marketing Ltd.
- (c) For creating 'significant influence' Ruchir Marcons Ltd. must control at least fifteen per cent of total voting power of Ruchika Marketing Ltd.
- (d) For creating 'significant influence' Ruchir Marcons Ltd. must control at least twenty per cent of total voting power of Ruchika Marketing Ltd.

10. 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.

11. Priyank and Priyanka, got reserved a name and thereafter a private limited company was formed using the reserved name on 1st June, 2018. Later on, a registered proprietor of a trade mark noted that the name of this private limited company was identical to the trade mark he had earlier got registered under the Trade Marks Act, 1999. Advise as to latest by which date, the proprietor of the registered trade mark can move an application to the Central Government against this anomaly.

- (a) Latest by 30th November, 2018, the registered proprietor of trade mark should move an application to the Central Government for rectification of this anomaly.
- (b) Latest by 30th May, 2019, the registered proprietor of trade mark should move an application to the Central Government for rectification of this anomaly.
- (c) Latest by 30th May, 2020, the registered proprietor of trade mark should move an application to the Central Government for rectification of this anomaly.
- (d) Latest by 30th May, 2021, the registered proprietor of trade mark should move an application to the Central Government for rectification of this anomaly.

12. The Annual General meeting of Tirupati Limited was scheduled for 28th December, 2017. Mr. Ananat, shareholder of Tirupati Limited has desired to inspect inspection of proxies lodged with the company. The notice for inspection should be given at least before the meeting:

- (a) 24 hours
- (b) 1 day

- (c) 2 days
- (d) 3 days

13. Prince delivers his car to Manoj, a garage owner for repair. Who is the bailor in this case?

- (a) Manoj
- (b) Prince
- (c) None of the above
- (d) Both Manoj and Prince

14. A had to travel to a different town for 5 days. He left his cow in the custody of B so that she can be taken care of. After two days the cow delivers a calf. Now, B has to return to A:

- (a) Only the cow
- (b) Only the calf
- (c) Both the cow and the calf
- (d) Either the cow or the calf

15. The Registrar shall register any alteration of the memorandum with respect to the objects of the company and certify the registration within a period of _____ from the date of filing of the special resolution.

- (a) 30 days
- (b) 60 days
- (c) 90 days
- (d) 6 months

16. According to the payment of Gratuity Act, 1972, a female employee shall be said to be in continuous service for a period if she has been on maternity leave, provided that the total period of such maternity leave does not exceed

- (a) 12 weeks
- (b) 16 weeks
- (c) 26 weeks
- (d) 40 weeks

17. Gratuity shall be payable to an employee after rendering continuous services for not less than

- (a) 1 year
- (b) 5 years
- (c) 7 years
- (d) 10 years

18. Any employee who goes public with information about corporate abuses or negligence is known as a.....

- (a) traitor
- (b) friendly employee
- (c) whistle-blower
- (d) Manager

19. S and P go into a shop. S says to the shopkeeper, C, "Let P have the goods, and if he does not pay you, I will. "This is a

- (a) Contract of Guarantee
- (b) Contract of Indemnity
- (c) Wagering agreement
- (d) Quasi-contract

20. A guarantee obtained by a creditor by keeping silence as to material circumstances is:

- (a) valid
- (b) voidable
- (c) unenforceable
- (d) invalid

21. SNDDT Ltd decided to shift its registered office from jurisdiction of one Registrar to the jurisdiction of another Registrar. SNDDT Ltd complied with the provisions of Companies Act, 2013 and did all relevant filing within due period of time. Confirmation on such shifting was received by Regional Director on 26th June, 2017. By when SNDDT Ltd has to file that confirmation with the Registrar?

- (a) 11th July, 2017
- (b) 25th July, 2017
- (c) 11th August, 2017
- (d) 25th August, 2017

22. Swastik Pvt Ltd passed a special resolution to change its name to Swastik Darshan Pvt Limited on 30th May, 2017. Relevant MCA filing was done on due time and then Company got its new stationery printed on 1st, July, 2017. However, there was a delay in issue of certificate and Company received new certificate on 20th August, 2017 which was issued on 10th August, 2017. Company wants to enter into a lease agreement for new premise. When they can do such agreement in new name of the Company?

- (a) 30th may, 2017
- (b) 1st, July, 2017
- (c) 20th August, 2017
- (d) 10th August, 2017

23. JX Limited, an unlisted public Company has its registered office in Mumbai. Due to a shortage of storage space, the Board of Directors of JX Limited has decided not to preserve the books of accounts and other related records of accounts. The Board has approached you, to seek an advice on this matter. Give suitable advice to the Board of JX Limited:

- (a) The Company is not mandatorily required to maintain the Statutory Registers and Records at the Registered Office.
- (b) The Company can make space by destroying all Statutory Registers and Records which are older than 8 years.
- (c) Company can shift the Statutory Registers and Records at JX Limited's branch office situated at Pune, where more than one-tenth of the total number of members entered in the register of members reside.
- (d) Company can digitize all the Statutory Registers and Records.

24. Mr. Pushkar wishes to start his own venture with an idea of recycling of plastic waste. He approaches you for your advice so as to decide on which type of entity he should incorporate mainly based on the aspects of taxation, capital funding and other monetary benefits to the promoters. Kindly suggest a suitable form of entity from the following –

- (a) Limited Liability Partnership;
- (b) Private Limited Company;
- (c) Section 8 Company;
- (d) Producer Company.

25. Swiss Commodities Private Limited was incorporated in 2015. Company was not running its business properly due to unexpected ups and downs. It could not hold its first annual general meeting in the year 2016. The company is planning to apply for extension of time for holding the AGM from the Registrar of Companies. On which grounds Company can get an extension?

- (a) They will not get any extension.
- (b) If Company proves that their financial statements are confiscated.
- (c) If they prove that directors have fell below numbers.
- (d) If they prove that members are not available.

26. ABC Ltd. wants to issue redeemable preference shares for a period of 35 years. Advise whether it can do so.

- (a) Yes, ABC Ltd. can issue redeemable preference shares
- (b) Yes, ABC Ltd. can issue redeemable preference shares but for only 30 years
- (c) Instead of issuing of shares for 35 years, ABC Ltd. should issue irredeemable preference shares.
- (d) Yes, ABC Ltd. can issue redeemable preference shares for a period not extending 20 years.

27. Shares which are issued by a company to its directors or employees at a discount or for a consideration are known as:

- (a) Equity Shares
- (b) Preference Shares
- (c) Sweat Equity Shares
- (d) Redeemable preference shares

28. The dividend in respect of preference shares of Mira Limited has not been paid for a period of 5 years. In such a case:

- (a) Such Preference shares holders do not have any right against the company
- (b) Such Preference Shareholders shall get dividend for a maximum of 2 years out of the said period of 5 years
- (c) Such preference shareholders shall have a right to vote on all the resolutions placed before the company.
- (d) Such preference shares shall be converted to Redeemable preference shares

29. Ajo Private Limited made private placement offer to identified people. It was clearly stated that such people have no right of renunciation. Company received share application money within given period of time however could not allot shares within 60 days from receipt. Now it is duty of Ajo Private Limited to repay the share application money. Company will be liable to pay interest if they fail to do so. Within how many days Company has to repay the share application money to avoid interest payment?

- (a) 15 days
- (b) 30 days
- (c) 60 days
- (d) 90 days

30. The Board of Directors of Gama Ltd. did not call the Extra Ordinary General meeting within 21 days from the date of receipt of requisition from members, then the requisitionists may themselves call a meeting within a period of from the date of requisition.

- (a) 15 days
- (b) 30 days
- (c) 1 month
- (d) 3 months

31. 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;

32. DEF Private Limited altered its Articles of Association on its conversion into public Company. A copy of order of the competent authority approving the alteration, is required to be filed with Registrar. How many days Company have to file such order?

- (a) 15 days
- (b) 30 days
- (c) 45 days
- (d) 60 days

33. An Indian Company decided to shift its registered office within the jurisdiction of same Registrar in a Board meeting held on 25th May, 2017. Within how many days Company shall intimate such change to Registrar of Companies?

- (a) Within 15 days from the date of such change;

- (b) Within 30days from the date of such change;
- (c) Within 15days from the date of Board meeting;
- (d) Within 30days from the date of Board meeting;

34. Seven Hospitality Limited ("Company") was incorporated in 2013. Company run resorts and hotels nearby Mumbai. In 2018, Central government received an application from Mr. X ("proprietor") who has registered trademark for word "Seven". In ideal situation, what will be the Central Government's stand?

- (a) Central Government will ask to take permission from Registrar, as he have approved this name in first place;
- (b) Central Government will ask them to mutually agree to use the word "Seven";
- (c) Central Government will direct the Company to change its name;
- (d) Central Government will deny his application;

35. Morgan Limited decided to make an offer for purchase of securities. Application Forms for the purchase were issued to public. However, it was not accompanied by an [abridged prospectus](#). For this default Company is liable for penalty. How much penalty Company has to bear?

- (a) Rs. 25,000
- (b) Rs. 50,000
- (c) Rs. 100,000
- (d) Rs. 500,000

36. XYZ Private Limited, has passed a resolution in general meeting to accept deposit from its members. Terms and conditions are finalized in consultation with Reserve Bank of India. Company accepted deposits of INR 30 Lakhs in year 2016. Company wants more deposits in the next quarter. Board of Directors are aware that as per the Act, they have a Ceiling limit, beyond which they cannot accept deposits. What percentage of aggregate of paid-up share capital, free Reserves and securities premium account, they cannot cross?

- (a) 15%
- (b) 25%
- (c) 35%
- (d) 45%

37. Soya Limited was incorporated in 2014 and has its registered office in Noida. Company wants to call its 4th Annual General Meeting in Mumbai. Whether it is possible?

- (a) It is not possible as Annual General Meeting has to be held in Noida;

- (b) It is possible with consent of 50% members is received;
- (c) It is possible if consent of 75% members is received;
- (d) It is possible if consent of 100% members is received;

38. Mr. N is a Company Secretary of Mayo Private 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?

- (a) Consideration of Auditors Report;
- (b) Fixing remuneration of Auditor;
- (c) Fixing remuneration of Manager;
- (d) Declaration of any dividend;

39. Wide Infra Limited is a Company with 1350 members. Extra General Meeting of Wide Infra Limited was scheduled on 15th November, 2018 at 11 am. On the day of meeting, 3 members were present at 10.45 am. What number of members is required to fulfill quorum requirement?

- (a) Additional 4 members before 11.30 am;
- (b) Additional 4 members before 11.15 am;
- (c) Additional 12 members before 11.30 am;
- (d) Additional 12 members before 11.15 am;

40. The members of Matrix Limited requisitioned for calling Extra Ordinary General Meeting to consider some urgent matters. The same was called by the company. Meeting was scheduled on 31st August, 2018. However, required quorum was not present at the meeting. In this case, what Matrix Limited shall do?

- (a) Matrix Limited shall adjourn the meeting to the same day in the next week at the same time and place;
- (b) Matrix Limited shall adjourn the meeting to such other day at such other time and place;
- (c) The meeting shall be cancelled;
- (d) Matrix Limited shall proceed ahead with the available quorum;

41. A charge was created on assets of Pram Limited. Such charge is registered on 12th November, 2018. Any person acquiring such assets shall be deemed to have notice of the charge:

- (a) from 12th November, 2018;
- (b) from 13th November, 2018;

- (c) from 12th December, 2018;
- (d) from 12th January, 2019;

42. A bill of exchange is payable 180 days after sight. As per the provisions of the Negotiable Instruments Act, 1881, how many days of grace shall be provided in such a case:

- (a) 1 day
- (b) 2 days
- (c) 3 days
- (d) 5 days

43. As per the Negotiable Instruments Act, 1881, when the day on which a promissory note or bill of exchange is at maturity is a public holiday, the instrument shall be deemed to be due on the..... .

- (a) said public holiday
- (b) 5 days succeeding public holiday
- (c) next succeeding business day
- (d) next preceding business day

44. Person named in the instrument to whom money is directed to be paid:

- (a) Drawer
- (b) Acceptor
- (c) Maker
- (d) Payee

45. A draws a cheque in favour of M, a minor. M endorses the same in favour of X. The cheque is dishonoured by the bank on grounds of inadequate funds. As per the provisions of Negotiable Instruments Act, 1881:

- (a) M is liable to X
- (b) X can proceed against A
- (c) No one is liable in this case
- (d) M can proceed against A

46. A contract of indemnity is a

- (a) Contingent contract
- (b) Wagering contract
- (c) Quasi contract

(d) Void contract

47. A, B and C, as sureties for D, enter into three bonds, each in a different penalty, namely, A in the penalty of 1,00,000 rupees, B in that of 2,00,000 rupees, C in that of 4,00,000 rupees, conditioned for D's duly accounting to E. D makes default to the extent of 3,00,000 rupees. According to the Indian Contract Act, 1872:

- (a) Only A is liable
- (b) A and B are each liable to pay 1,00,000 and 2,00,000 rupees respectively.
- (c) A and B are each liable to pay 1,00,000 rupees.
- (d) A, B and C are each liable to pay 1,00,000 rupees.

48. Mr. A, puts 'M' as the cashier under Mr. B and agrees to stand as surety provided 'B' checks the cash every month. 'M' embezzles cash. According to the Indian Contract Act, 1872:

- (a) A and B shall equally share the loss.
- (b) No one is liable to pay penalty.
- (c) 'A' is not responsible, if B failed to verify the cash every month.
- (d) 'A' is responsible, even if B failed to verify the cash every month

49. A guarantees to C, to the extent of 2,00,000 rupees, payment for rice to be supplied by C to B. C supplies to B rice to a less amount than 2,00,000 rupees, but obtains from A payment of the sum of 2,00,000 rupees in respect of the rice supplied. As per the provisions of the Indian Contract Act, 1872:

- (a) A can recover from B more than the price of the rice actually supplied.
- (b) A cannot recover from B more than the price of the rice actually supplied.
- (c) A can recover from C the price of the rice actually supplied.
- (d) C can recover from A the price of the rice actually supplied

50. A written and a registered agreement made between a husband and wife out of natural love and affection does not require consideration. As per the provisions of the Indian Contract Act, 1872:

- (a) Such an agreement is void
- (b) Such an agreement is enforceable even without consideration
- (c) Such an agreement is a quasi contract
- (d) Husband and wife cannot enter into such an agreement

Solution

1	(b)	11	(d)	21	(d)	31	(c)	41	(a)
2	(c)	12	(d)	22	(d)	32	(a)	42	(c)
3	(b)	13	(b)	23	(c)	33	(b)	43	(d)
4	(c)	14	(c)	24	(c)	34	(d)	44	(d)
5	(d)	15	(a)	25	(a)	35	(b)	45	(b)
6	(c)	16	(c)	26	(d)	36	(c)	46	(a)
7	(c)	17	(b)	27	(c)	37	(d)	47	(d)
8	(a)	18	(c)	28	(c)	38	(c)	48	(c)
9	(d)	19	(a)	29	(a)	39	(c)	49	(b)
10	(b)	20	(d)	30	(d)	40	(c)	50	(b)