

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