Note: Question 1 is compulsory. Attempt any five from the rest.

Question 1

(A)   Ramesh appoints Mitesh, a minor, as his agent to sell his watch for cash at a price not less than Rs.700. Mitesh sells it to Dharmesh for Rs.350. Is the sale valid? Explain the legal position of Mitesh and Dharmesh, referring to the provisions of the Indian Contract Act, 1872. (5 marks)

(B)   S by inducing Y obtains a Bill of Exchange from him fraudulently in his (S) favour. Later, he enters into a commercial deal and endorses the bill to U towards consideration to him (M) for the deal. M takes the bill as a Holder-in-due-course. M subsequently endorses the bill to S for value, as consideration to S for some other deal. On maturity the bill is dishonoured. S sues Y for the recovery of the money.
With reference to the provisions of the Negotiable Instruments Act, 1881 decide whether S will succeed in the case or not. (5 marks)

(C)   As per the provisions of the Companies Act, 2013, a whole time Key Managerial Personnel (KMP) shall not hold office in more than one company except its subsidiary company at the same time. Referring to the Section 13 of the General Clauses Act, 1897, examine whether a whole time KMP can be appointed in more than one subsidiary companies? (5 marks)

(D)   The Memorandum of Association of a company was signed by two adult members and by a guardian of the other five minor members, the guardian signing separately for each minor member. The Registrar registered the company and issued under his hand a Certificate of Incorporation. The plaintiff contended that (a) conditions of registration were not duly complied with, and (b) that there were no seven subscribers to the Memorandum. Will the Court uphold his contention? (5 marks)

Question 2

(A) What are the rights of the indemnity-holder when sued? (5 Marks)

(B) The Articles of Association of a Limited Company provided that 'X' shall be the Law Officer of the company and he shall not be removed except on the ground of proved misconduct. The company removed him even though he was not guilty of misconduct. Decide, whether company's action is valid? (5 marks)

(C) What are the requirements as to the issue of the Prospectus? (6 marks)

Question 3

(A)   What is Bailment? Explain the rights and duties of Bailor? Also state different forms of bailment. Your answer should be based as per the Indian Contract Act,1872. (8 marks)

(B)   When is an allotment of shares treated as an irregular allotment? Briefly state the effects of an irregular allotment. (8 marks)

Question 4

(A)   Who is holder in due course? How he is differing from a Holder? (6 marks)

(B)   The Directors of Mars India Ltd. desire to alter capital clause of Memorandum of Association of their company. Advise them, under the provisions of the Companies Act, 2013 about the ways in which the said clause may be altered and the procedure to be followed for the said alteration. (6 marks)

(C)   What is the meaning of Eligible company for the purpose of Chapter V of the Companies Act, 2013. (4 marks)

Question 5

(A) Gaurav Textile Company Limited has entered into a contract with a Company. You are invited to read and interpret the document of contract. What rules of interpretation of deeds and documents would you apply while doing so? (6 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: (6 Marks)

(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 ` 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.

(C) The auditors of a company refuses to make their report on the annual accounts of a company before it is signed on behalf of the Board of directors. Advise the company. (4 Marks)

Question 6

(A) Explain how the auditor will be appointed in the following cases : (8 marks)

(i) A Government Company within the meaning of section 394 of the Companies Act, 2013.

(ii) The Auditor of the company (other than government company) has resigned on 31st December, 2016, while the Financial year of the company ends on 31st March,
2017.

(iii) A company, whose shareholders include the following:

(a) Bank of Baroda (A Nationalized Bank) holding 12% of the subscribed capital in the company.

(b) National Insurance Company Limited (carrying on General Insurance Business) holding 10% of the subscribed capital in the company.

(c) Maharashtra State Financial Corporation (A Public Financial Institution) holding 8% of the subscribed capital in the company.

(B)

Atul Ltd. has passed a resolution in its general meeting regarding accepting deposits from its members. Can this company accept deposits from its members under the Companies Act, 2013 ? If yes, state the conditions to be fulfilled in this regard. (8 Marks)

Question 7

(A) 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. (4 marks)

(B) 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. (6 marks)

(C) 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. (6 marks)

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