



J.K. SHAH[®]
TEST SERIES
Evaluate Learn Succeed

SUGGESTED SOLUTION

I.P.C.C MAY 2014 EXAM

Business Law, Ethics & Communication

Prelims (Test Code - I M J 4 0 6 6)

(Date: 09 April,2014)

Head Office : Shraddha, 3rd Floor, Near Chinai College, Andheri (E), Mumbai – 69.

Tel : (022) 26836666

Ans. 1

(a)

- 1. Enforcement of Bailor's duties:** Duties of Bailor = Rights of Bailee. Hence, Bailee can sue Bailor for - (a) claiming damages resulting from non-disclosure of faults in goods, (b) seeking indemnity for loss because of defective title, (c) for extraordinary expenses, etc.
- 2. Delivery of goods to Joint Bailors [Sec.165]:** When goods are owned and bailed by Joint Owners, and in the absence of Contract to the contrary, Bailee shall deliver them back - (a) to one of Joint Owners, or (b) according to the directions of one Joint Owners without the consent of all.
- 3. Delivery of goods when Bailor's title is defective [Sec, 166]:** If the Bailor's title is defective, and the Bailee, in good faith, returns goods - (a) to Bailor, or (b) according to Bailor's directions, then, he is not liable to the true owner in respect of such delivery.
- 4. Right of Lien [Sec. 170 & 171]:** The Bailee has a right to retain the goods when his lawful charges are not paid for. Two types of lien operate for the Bailee, viz. - (a) General Lien, and (b) Particular Lien.
- 5. Wrongful deprivation of goods [Sec. 180 & 181]:** Where a third person - (a) wrongfully deprives Bailee of the use or possession of goods bailed, or (b) does them any injury, Bailee is entitled to use such remedies as that of the Bailor i.e. as if no bailment has been made. He is entitled to bring a suit against the third party for deprivation or injury. When Bailee institutes the suit and gets compensation, he shall grant the Bailor his due interest in it.
Note: Rights of Third Party [Sec. 167]: Where a person, other than the Bailor, claims ownership of goods bailed, he may apply to the Court to - (a) stop delivery of the goods to the Bailor, and (b) to decide the title to the goods.

(b)

Aspect	Description
Applicability	A Company should file a Return as to Allotment , whenever it makes any allotment
Exclusion	Return of Allotment is not required for allotment / issue of Shares that were forfeited due to nonpayment of Calls as per the provisions of its AOA
Time Limit	Return in Form 2, should be filed with the ROC, within 30 days of the allotment
Extension of Time Limit	(a) The Company can make an application to the ROC, either before or after expiry of the above period, for extension of time. (b) ROC may extend the period by such time as he thinks fit, if he is satisfied that the period of 30 days is / was inadequate.
Penalty	Failure to file Return of Allotment as above, will render every Officer of the Company and every Promoter of the Company guilty of contravention, liable to fine upto ₹ 50,000 .

(c) CRT is **comprised of senior business leaders** from Europe, Japan and North America, and is based in Caux, Switzerland.

CRT **promotes principled business leadership** and the belief that business has a crucial role in identifying and promoting sustainable and equitable solutions to key global issues affecting the physical, social and economic environments.

CRT has produced "**Principles for Business**", a document which seeks to express a world-wide standard for ethical and responsible corporate behaviour for dialogue and action by business and leaders worldwide.

CRT principles include

- ❖ social impact of Company operations on the local community.
- ❖ support for multilateral trade agreements that promote the judicious liberation of trade.
- ❖ respect for rules and ethics.
- ❖ respect for the environment.
- ❖ avoidance of illegal operations like bribery and other corrupt practices.

(d) The steps in the Negotiation Process are:

(1) Preparing, (2) Arguing, (3) Signaling, (4) Proposing, (5) Packaging, (6) Bargaining, and (7) Closing and Agreeing. These steps are explained below :

Preparing

Negotiator must get prepared before the actual negotiation starts. This preparation requires him to set the objectives of negotiation and limits within which to negotiate. He should identify real

issues involved; understand the strength and weakness of other parties. Collection of data might be useful and handy during the negotiation process. Create checklist of items will need to be considered before and during the negotiation.

Arguing

This is the first stage of the actual negotiation process. The aim is to inform the other party of the logic & strength of one's stand. Both parties should patiently listen to the other side and understand their position of other. If one party extremely opposite and become hostile, negotiation will fail.

Signaling

After some amount of argument, both parties become aware about deadlock and want to break it. They give verbal and non-verbal cues to the possibility of adjustment Both parties should be alert in understanding clues. Releasing or giving clues is known as signaling.

Proposing

It is step which overcome arguments. Proposal further advance negotiations towards packaging.

Packaging

It is step which party review the opponent's and own objectives, prepare list of conditions and placing them to other party. Party also ensure that all aspects have been considered.

Bargaining

Party, in this phase, wants to offer concessions, decide what he requires in exchange. When other party agrees to its conditions, reciprocal proposals are presented. Unsettled issues need to be linked and a tradeoff may be made.

Closing and Agreeing

This is final phase where deal gets finalized and sealed. Closing means ending the bargaining and reaching a decision. The agreement is put into writing to ensure its implementation.

Ans. 2

(a)

- Only the **votes cast** shall be taken into account, and the number of Members present and number of Members who abstained from voting are **irrelevant**.
- In the given case, 6 votes have been cast in favour, which is 3 times the number of votes cast against the resolution (2 votes).
- Hence, the Special Resolution has been validly passed.

(b) The Doctrine of Indoor Management cannot be extended to cases of forgery. Transaction effected by forgery is void ab initio. [**Ruben vs Great Fingall Consolidated**]

But, a Company may be held liable for any fraudulent acts of its Officers acting under ostensible authority. [**Sri Krishnan vs Modal Bros. &Co**]

Hence, in the given case, the Company will **not** be allowed to deny liability in order to defeat the bonafide claims of the Creditor.

(c) A layer of Ozone in the **lower stratosphere** protects all life on earth from concentrated **ultraviolet (UV) radiation**. However, this Ozone Layer is **destroyed by CFC gases**, which are used in Aerosol Cans, Refrigerators, Air Conditioners, Industrial Solvents, etc.

Depletion

When released into the air, CFC gases rise. In **7 to 10 years**, they reach the stratosphere, and destroy ozone and remain for **75 to 130 years**, continuing additional damage.

Effect

Destruction of the Ozone Layer and consequent increase of UV rays will lead to :

- ❖ new cases of **skin cancer**.
- ❖ **destruction of 75% of the world's major crops** that are sensitive to UV light.

(d) The following are the guidelines for Active Listening:

- ❖ **Look at the Speaker**. Listener should understand the speaker's ideas and intentions. If the listener is not attentive, he will miss the message.
- ❖ **Be interested in what the Speaker is saying**.
- ❖ Take Notes of the main points. Keep yourself active.
- ❖ **Listen to the pitch and tone of voice**. Look at gestures and body language. These may carry an unspoken message.
- ❖ Restate what the Speaker said. It helps the Listener to make sure that he understands the Speaker clearly.

- ❖ **Ask questions to clarify the meaning.** This will keep the Listener alert and let the Speaker know that the Listener has been listening and is interested in getting all the facts and clarifications.
- ❖ Refrain from **biasing your judgment** about the other person.

Ans. 3

(a) A Lease is a transfer of enjoyment of immovable property by one person (called the Lessor) to another person (called the Lessee), made for a certain time, in consideration of a price.

Lease Deed

This agreement for lease is made on this _____ day of 20_____ between ABC_____ the intended lessor of the Part I and XYZ_____, the intended lessee, of the Part II.

WHEREAS Part 1 is absolute owner in possession of dwelling house fully described in Annexure 1, title deed of which is in possession of Part I.

AND WHEREAS Part II is in requirement of residential premises and he approached Part I and Part I has agreed to lease the said premises fully detailed in Schedule I, to Part II.

Now these presents witnesseth as under:

1. THAT Part I, who is absolute owner and in possession of the residential premises and has agreed to lease the same to Part II for a term of five years with effect from _____ at a monthly rent of ₹_____ .
2. THAT it is agreed that the lease will commence from _____ 20 for a period of five years and Part I shall execute the lease deed in favour of Part II and shall deliver the possession of the premises in question detailed in Annexure I.
3. THAT the rent shall be payable in advance up to 7th day of every month, without any delay or default. However, in case of any default in payment of the rent for any month, the same shall be payable along with the rent due for next month. In case of two consecutive defaults, Part II shall be liable to pay the entire amount due for the two months at the commencement of the third month along with the rent of the third month, with 18 per annum interest.
4. THAT however, in case there are three consecutive defaults, Part II shall be liable to vacate the premises forthwith and in that case the payment of the rent with interest, will not escape part II from his liability of vacating the premises though it will be optional and at the discretion of Part I.
5. THAT Part II shall also pay the house tax, electricity bills, telephone bills as may fall due w.e.f.....20...
6. THAT Part II shall keep the premises in well-maintained condition and in the same position as on the date of execution of the lease deed. Part II shall also keep the premises well-maintained during windy and rainy seasons at his own cost.
7. THAT in case of requirement of major repairs it will be the liability of Part I to do all such substantial repairs as may be necessary to maintain the property and in case Part I fails to do so, Part II shall be entitled to do all such necessary repairs and the expenses incurred by Part II on such repairs shall be adjusted against the amount of rent due to Part I.
8. OTHER necessary covenants in the lease deed will be that Part II shall not use the said premises for any other purpose except for the purpose of residence of his family and himself and he shall not sublet the premises to any other person or concern.
9. THAT Part II shall not carry or store any offensive trade or prohibited business in the said premises.
10. THAT Part II shall not store any inflammable, combustible or explosive substance or any other drug prohibited under the law in the said premises and in case Part II is found in possession of any prohibited article or drug or substance, it will be the sole liability of Part II and Part I shall have no liability whatsoever.
11. THE lease deed shall further covenant that at the expiry of five years, Part II shall be liable to hand over vacant possession of the said premises to Part I. However, the lease shall be renewable with the consent of both parties.
12. THAT Part II shall not change the nature of the premises in question and shall not raise, any construction, structure, fittings, etc., in the said premises without the prior consent of Part I.
13. That every payment by Part II to Part I part as and when made, shall be made against a , valid receipt to be executed and delivered by the first part.

IN WITNESS WHEREOF the parties have put their hands on these indentures in the presence of witnesses.

Witnesses:

- | | |
|----------|--------------------------------|
| 1. _____ | ABC, the lessor, Part I |
| 2. _____ | XYZ, the lessor, Part II |

(b) Mis-statement (Section 65):

Statement is Untrue

A **Statement** included in a Prospectus shall be deemed to be Untrue if it is **misleading in form and context** in which it is included.

Untrue Statement is included

Prospectus will be deemed to be one in which an Untrue Statement is included if there is an **omission of any matter intended to mislead the investor.**

Allottee of Shares who has been induced to take Shares on the faith of an Untrue Statement of an Expert in the Prospectus, is entitled to claim from the Expert - (i) damages, and (ii) compensation u/s 62. Expert will not be made liable if the Expert withdrew his consent in writing. (Sec. 65)

(c) It is based on 'Sarvodaya' (welfare of all) and 'Trusteeship'.

He firmly advocates **Satya (truth)** and **Ahinsa (non-violence)**. Gandhiji preached the idea of economic equality i.e. bridge gap between 'haves' and 'have-nots'. He conceived **trusteeship as a means to achieve equality**. According to the trusteeship principle, a person who possesses resources hold them as trustee for the common good. Labour and management are co-trustees of enterprise and hence they should work in harmony and peaceful co-existence.

Ans. 4

(a)

i. Circumstances for allowing change of Objects Clause [Sec. 17(1)]:

1. To carry on its business more economically or more efficiently,
2. To attain its main purpose by new or improved means,
3. To enlarge or change the local area of its operations,
4. To carry on some business which under existing circumstances may be conveniently or advantageously combined with the business of the Company,
5. To restrict or abandon any of the objects specified in the MOA,
6. To sell or dispose of the whole or part of the undertaking, or of any of the undertakings of the Company,
7. To amalgamate with any other Company or body of persons.

ii. Procedure for Alteration of Objects Clause:

Step	Procedure
1.	Convene a General Meeting of Shareholders and pass a Special Resolution.
2.	File a Copy of Special Resolution in Form No. 23 with the ROC within 30 days of the Resolution, together with a printed copy of the altered MOA.
3.	The ROC shall register the same and certify it within 1 month of the date of filing. Such Certificate shall be conclusive evidence of compliance with the requirements of the Act and confirmation thereof.

Note:

- When the prescribed documents are **not** filed with ROC within prescribed time, the alteration shall, at expiry of such period, become **void and inoperative**.
- Even for **deleting** any portion of the Objects Clause, the procedure laid down in Sec.17 has to be followed.

(b)

(i) False

Environmental Ethics concerns ethical behaviour of all types of organisations ranging from International Bodies, National Governments, Opinion Makers, Media, Intelligentsia, Public and Private Enterprises and NGOs.

(ii) False

No. Consumer for personal use is the end-user. Consumer for commercial use is the one who purchase for re-sale. (Under Competition Act, 2002 Consumer includes a consumer for personal / commercial purpose.)

(c)

1. **Meaning:** Oral Communication is face-to-face communication with another person.
2. **Principles:** Oral Communication is identified by 7 C's - (a) Candidness, (b) Clarity, (c) Completeness, (d) Conciseness, (e) Concreteness, (f) Correctness, and (g) Courtesy. These act as principles for choosing the form (style) and content (matter) of Oral Communication.
3. **Features:** The following are the characteristics of good Oral Communication-

(a) Consider the objective.	(h) Give full facts.
(b) Assess the interest level of the Receiver.	(i) Assume nothing.
(c) Be sincere.	(j) Use polite words and tone.
(d) Use simple language, & familiar words.	(k) Avoid insulting messages.
(e) Be brief and precise.	(l) Present the facts in, a manner interesting and pleasing to the Recipient.
(f) Avoid vagueness and generalities.	(m) Allow time for the Recipient to respond.
(g) Differentiate between facts and opinions.	

Ans. 5

(a)

Restriction (with exception) [Sec. 77]

If a company can not buy back its securities-

Exceptions

- Reduction in capital.
- Tribunal's order u/s 402.
- Redemption of preference share.

If a company cannot finance other to acquire its own share-

Exceptions

- Lending by banking cos.
- Lending for subscription by trustees, for employee's benefit.
- For beneficial holding by company's own employees.

Issue 1: Financial assistance to Employees of the Company for the purpose of holding by Company's own employees does not amount to purchase of own shares.

Issue 2: Sec.77 applies both for Preference and Equity Shares. However, Redemption of Preference Shares is not in violation of Sec.77.

(b) **A Surety is liable only when the Principal Debtor does not pay**, i.e. his liability is secondary, primary liability being that of Principal Debtor. Surety is treated **with favour** both in law and equity, due to the following reasons –

1. Surety's liability arises only upon default of the Principal Debtor.
2. Surety's liability can in no case be more than that of the Principal Debtor. But, it may be restricted by a special term to that effect.
3. Surety is liable only for the unpaid balance.
4. Surety is not liable for fruitless litigation which the Creditor may bring against the Principal Debtor. But if the Creditor has given a sufficient notice to Surety, the Surety is liable.
5. Surety is not bound by admissions and acknowledgements made by the Principal Debtor before the Creditor. Surety is also not liable for judgments obtained against Principal Debtor.
6. Surety will not be liable where the Creditor has obtained Guarantee by misrepresenting to the Surety, a material fact relating to the Contract or by keeping silent as to material circumstances, e.g. obtaining a guarantee for the good conduct of an employee without disclosing his previous dishonesty.

Hence it is said that the Surety is a **Favoured Debtor**.

(c) Although the employees in this case have been reduced to 10, once the Act is applicable, it continues to apply even if number of employees fall below 20. The eligibility of bonus is analysed as follows –

- **10 Full-Time Employees** who have left the service are **not eligible** as they have worked only for 28 days in the accounting year (< than 30 days).
- **Remaining full time employees** are eligible for bonus as they would have working more than 30 working days in the accounting year.
- **Part-time employees** are also eligible for Bonus.

(d)

1. **Meaning:** Acid Rain is a threat to the environment attributed to the combustion / burning of fossil fuels (Oil, Coal and Natural Gas), which are heavily used by utilities to produce electricity.

2. **Add Rain:** Burning fossil fuels, containing high levels of sulphur, releases large quantities of Sulphur Oxides and Nitrogen Oxides into the atmosphere. When these gases are carried into the air, they combine with water vapour in clouds to form Nitric Acid and Sulphuric Acid. These acids are then carried down in the rain, thus raising the acidity of the water sources.

3. Effects: Acid Rain –

- (i) Soaks into soils and falls directly on trees and other vegetation. Acid rain directly damages forests and indirectly destroys the wildlife and species that depend on forests for food and breeding.
- (ii) Increases the acidity of the water sources. Many fish populations and other aquatic organisms are unable to survive in lakes and rivers that have become highly acidic due to acid rain.
- (iii) Releases toxic metals from the soil and carries these into waterways, where they contaminate drinking water and lead to various diseases.
- (iv) Corrodes and damages buildings, statues, and other objects, specifically those made of iron, limestone & marble.

Ans. 6

(a)

Basis	Promissory Note	Bill of Exchange
1. Nature of Payment	Contains an unconditional promise by the Maker to the Payee or to his order or to Bearer.	Contains an unconditional order to the Drawee to pay to the Payee or to his order or to the Bearer.
2. Number of Parties	Only two parties viz. - (a) Maker, and (b) Payee.	Three parties viz. - (a) Drawer, (b) Drawee, and (c) Payee - although any two of these capacities may be filled by one and the same person.
3. Maker's position	The Maker is the Debtor , who undertakes to pay.	The Drawer is the Creditor , who directs the Drawee to pay.
4. Nature of Liability	Liability of Maker is primary and absolute .	Liability of Drawer is secondary and conditional .
5. Position of the Maker	Maker stands in immediate relationship with Payee.	Drawer of an accepted bill stands in immediate relationship with Acceptor and Payee .
6. Drawing in sets	Promissory Note is not drawn in sets.	Bills, particularly Foreign Bills, are drawn in sets of three.
7. Maker and Payee	Cannot be made payable to Maker himself, i.e. Maker and Payee cannot be the same person.	Drawer and Payee may be the same person.
8. Notice of Dishonour	No notice of dishonour need be given.	Notice of dishonour must be given by Holder to Drawer and intermediate indorsers, so as to hold them liable thereon.
9. Conditional	Can never be conditional.	<ul style="list-style-type: none"> • Cannot be drawn conditionally, but • Can be accepted conditionally with consent of Holder.
10. Payable to Bearer	Cannot be made payable to bearer by any person other than RBI / Central Government	Can be made payable to Bearer, though it cannot be made payable to Bearer on demand.

(b)

1. The Provident Fund Claims complete in all respects submitted along with the requisite documents shall be settled and the benefit amount paid to the beneficiaries **within 30 days** from the date of its receipt by the Commissioner.
2. If there is any deficiency in the Claim, the same shall be recorded in writing and communicated to the Applicant within 30 days from the date of receipt of such application. In case, the Commissioner fails without sufficient cause to settle a claim complete in all respects within 30 days, the **Commissioner shall be liable** for the delay beyond the said period. Interest at the rate of 12% p.a. may be charged on the benefit amount and the same may be deducted from the Salary of the Commissioner.
3. Hence, in this case, X can claim interest on the benefit amount from the Commissioner at the rate of 12% p.a.

(c) To discriminate means "to distinguish one person from another." In reference of Workplace Ethics, Employment Discrimination means –

- **wrongfully treating people differently.** It also includes giving undue favour on a basis other than individual merit.
- **treating one person better than another** because of their age, gender, race, religion or class, which is not relevant to the job that they perform.
- A form of injustice, which goes against the formal '**principle of equality**'. Individuals who are equal in all respects should be treated equally.

Ans. 7

(a)

1. **Computation [Sec.4(2)]:** Computation of Gratuity is as under –

Establishment	Computation of Gratuity Amount
Establishment other than Seasonal Establishment, i.e. General Rule	$\frac{15}{26} \times \text{Last Drawn Salary} \times \text{No. of completed years of service or part thereof in excess of 6 months}$ Note: In case of Piece Rate Employee, Daily Wages shall be computed on the average of the total wages of the 3 months preceding the termination of employment. (Wages for Overtime work shall not be included).
Seasonal Establishment	<ul style="list-style-type: none"> • Those who work throughout the year: $\frac{15}{26}$ Computation Rule as above. • Those who work only during the season: 7 days gratuity for each season.

2. **Maximum [Sec.4(3)]:** The amount of Gratuity payable to an Employee shall not exceed ₹10,00,000.

3. **Disabled Employee [Sec.4(4)]:** When an Employee becomes disabled due to any accident or disease and is not in a position to do the same work and re-employed on reduced wages on some other job, the Gratuity will be calculated in 2 parts –

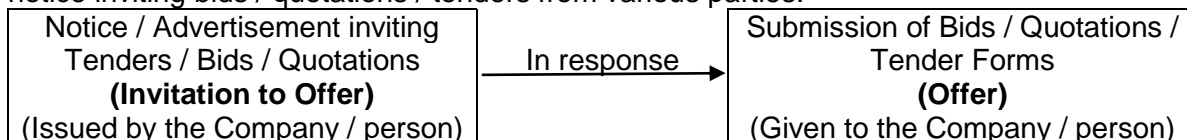
(i) For the period **preceding** the disablement: On the basis of wages **last drawn** by the employee at the time of his disablement.

(ii) For the period **subsequent** to the disablement: On the basis of the **reduced wages** as drawn by him at the time of the termination of services.

4. **Better Terms [Sec4(5)]:** Sec.4 shall not affect the right of an employee to receive better gratuity under any award or agreement or contract with the Employer. However, the maximum statutory limit u/s 4(3) cannot be reduced by mutual settlement or agreement. **[Bharat Commerce and Industries vs Ram Prasad]**

(b)

1. **Meaning:** A Tender is an Offer as it is in response to an Invitation to Offer. The persons who submit the tender application forms, give Offers to the Company / person, which advertises a notice inviting bids / quotations / tenders from various parties.



2. **Types of Tender:** A Tender may be either –

(a) Definite Tender or Specific Tender	<ul style="list-style-type: none"> • Here, the Offer is to supply a definite quantity of goods. • The Suppliers or Buyers submit their Offers for the supply or purchase of specified goods and services. The Offeree may accept any tender (generally the lowest one). This will result in a Contract. • Example: 'A' invites tenders for the supply of 10 quintals of cotton. 'B', 'C' and 'D' submit their tenders. 'B's tender is accepted. The Contract is formed immediately when the tender is accepted.
(b) Standing Tender	<ul style="list-style-type: none"> • Here, the offer is to supply goods periodically or in accordance with the requirements of the Offeree. • Here, the Offeror gives an open offer whereby he offers to supply goods or services as required by the Offeree. A separate acceptance is made each time an order is placed. Thus, there are as many contracts as are the acts of acceptance.

3. Revocation or Withdrawal of a Tender: A Tenderer can withdraw his tender before its final acceptance by a work or supply order. This right of withdrawal shall not be affected even if there is a clause in the tender restricting his right to withdraw. A tender will, however, be irrevocable where the tenderer has, on some consideration, promised not to withdraw it or where there is a statutory prohibition against withdrawal.

(c) A Good Corporate Governance should be:

- Efficient and effective, (i.e. doing the right things and doing things right)
- According to **legal requirements**.
- **Transparent** as regards decisions and actions.
- **Accountable** to stakeholders.
- **Consensus -oriented and participatory in decision-making**, i.e. promote acceptability of decisions rather than forcing them on the parties concerned.
- **Equitable and inclusive**.
- **Responsive** and adaptive to environmental change.

(d) Some guidelines in handling ethical dilemmas in communication are as under:

Candour

Candour refers to **truthfulness, honesty and openness in one's communication with other people**. Sometime revealing everything may not be appropriate.

Accuracy

While passing message to other, one must be vary careful and accurate.

Fairness

Ethical Communicators should be vigilant in their quest to avoid deception fabrication, intentional distortion, or withholding of information, in their communication.

Consistency

Ethical Communicators should ensure that their **behavior or action matches with their words**. **This is necessary to win the trust of others.**

Confidentiality

When sender of message expects you to keep the message confidential, you must honour the trust placed on you. The message should be kept confidential. The principle is **“talk only when required”**.

Timeliness

The timing of messages can be critical. Deliberately delaying messages so that others do not get full benefit amount an unethical act.

Intolerance for Unethical Behaviour

To maintain a consistent ethical behaviour, one must confront unethical behaviour when he observes it.

Legal Considerations

Legal Considerations will help resolve some ethical questions. If saying or writing something is illegal, there is no dilemma. One has to obey the law, since law is supreme and has to be complied with, in letter and in spirit.

(e)

1. Effect of Forged Transfer:

(i) A Forged Transfer is a **nullity**.

(ii) Forged Transfer does **not** give the Transferee concerned **any title** to the Shares.

(iii) If by forgery, a Certificate of Transfer is obtained from a Company and Shares are transferred to a purchaser for value acting in good faith, i.e. without knowledge of forgery, the Purchaser **does not** get a good title to them, because a Forged Transfer **cannot** be a source of a valid transfer of title.

2. Liability of Company: Where a Company ads on a **Forged Transfer** and removes the name of the real owner from the Register of Members, then –

(i) **Restoring Name of Real Owner:** It is bound to restore the name of the Real Owner on the Register, as the holder of the Shares, and to pay him any dividends which he ought to have received.

(ii) **Compensate Purchaser:** It shall also be liable to **compensate** the Purchaser in so far as it had issued a Certificate of Transfer. The Company is therefore **estopped** from denying the liability accruing from its own act.

MARKS ALLOCATION SHEET

Que. No.	Sub point No.(if any)	Name of Chapter	Description of Concept	Mark Allocation	Total Marks
1(a)	-	Bailment (contract act)	Any 5 rights of Bailee (each has 1 mark)	5	5
1(b)	-	Share Capital	Applicability	0.5	
1(b)	-	Share Capital	Exclusion	1	
1(b)	-	Share Capital	Time Limit	1	
1(b)	-	Share Capital	Extension of time limit	1	
1(b)	-	Share Capital	Penalty	1	
1(b)	-	Share Capital	Conclusion	0.5	5
1(c)	-	Corporate Governance & CSR	Definition of CRCT	2	
1(c)	-	Corporate Governance & CSR	Principles of CRT (Any 6 point each point 0.5 mark)	3	5
1(d)	-	Group Dynamics & negotiation	Each steps has 0.71 marks	5	5
2(a)	-	Company General Meetings	Provision	2	
2(a)	-	Company General Meetings	Explanation of case	1	
2(a)	-	Company General Meetings	Conclusion	1	4
2(b)	-	Memorandum & Articles of Association	Provision	2	
2(b)	-	Memorandum & Articles of Association	Explanation of case	1	
2(b)	-	Memorandum & Articles of Association	Conclusion	1	4
2(c)	-	Environment & Ethics	Ozone layer	2	
2(c)	-	Environment & Ethics	Depletion	1	
2(c)	-	Environment & Ethics	Effect	1	4
2(d)	-	Inter personal Communication	Any 6 guidelines (each point 1.5 mark)	4	4
3(a)	-	Legal deeds & documents	Definition of lease	2	
3(a)	-	Legal deeds & documents	Lease deed	6	8
3(b)	-	Prospectus	Provision of sec: 65	2	
3(b)	-	Prospectus	Conclusion	2	4
3(c)	-	Principles of business ethics	Principles of Gandhi	1	

3(c)	-	Principles of business ethics	Detail description	3	4
4(a)	-	Memorandum & Articles of Association	Circumstances	3	
4(a)	-	Memorandum & Articles of Association	Procedure for Alteration	3	
4(a)	-	Memorandum & Articles of Association	Note	2	8
4(b)	(i)	Environmental ethics	True / False	1	
4(b)	(i)	Environmental ethics	Reason	1	
4(b)	(ii)	Consumer protection	True / False	1	
4(b)	(ii)	Consumer protection	Reason	1	4
4(c)	-	Essentials of communication	Meaning	1	
4(c)	-	Essentials of communication	Principles	1	
4(c)	-	Essentials of communication	Features	2	4
5(a)	-	Share – forfeiture, Guarantee	Provision of sec. 77	2	
5(a)	-	Share – forfeiture, Guarantee	Issue – 1	1	
5(a)	-	Share – forfeiture, Guarantee	Issue – 2	1	4
5(b)	-	Indemnity & Guarantee	Meaning of surety	1	
5(b)	-	Indemnity & Guarantee	Any 6 reason (per reason 0.5 mark)	3	4
5(c)	-	Bonus Act	Provision	1	
5(c)	-	Bonus Act	Decision of full time employee	1	
5(c)	-	Bonus Act	Decision of remaining employee	1	
5(c)	-	Bonus Act	Decision of part time employee	1	4
5(d)	-	Business Ethics	Meaning	1	
5(d)	-	Business Ethics	Acid Rain	1	
5(d)	-	Business Ethics	Effects	2	4
6(a)	-	Negotiable Instrument Act	Any 8 differences (each carry 1 mark)	8	8
6(b)	-	EPF & Misc. Provision Act	Provision	1	
6(b)	-	EPF & Misc. Provision Act	Analysis	2	
6(b)	-	EPF & Misc. Provision Act	Conclusion	1	4

6(c)	-	Work place ethics	Meaning of discriminate	1	
6(c)	-	Work place ethics	Description	2	
6(c)	-	Work place ethics	Principle of equity	1	4
7(a)	-	Payment of Gratuity Act	Computation	1	
7(a)	-	Payment of Gratuity Act	Maximum payable	1	
7(a)	-	Payment of Gratuity Act	Disabled employee	1	
7(a)	-	Payment of Gratuity Act	Better terms	1	4
7(b)	-	Offer (contract act)	Meaning	1	
7(b)	-	Offer (contract act)	Types of tender	1.5	
7(b)	-	Offer (contract act)	Revocation / withdrawal of a tender	1.5	4
7(c)	-	Corporate Governances	Any 4 features (each carry 1 mark)	4	4
7(d)	-	Ethics in communication	Any 4 guidelines (each carry 1 mark)	4	4
7(e)	1	Membership & transfer of share	Effect of forged transfer	2	
7(e)	2	Membership & transfer of share	Liability of company	2	4