

Business Laws, Ethics and Communication answer key

1a)

'Pari Passu': Pari Passu clause in a debenture means that all the debentures of that particular series are to be paid rateably, if, therefore, security is insufficient to satisfy the whole debts secured by the series of debentures, the amounts of debentures will abate proportionately.

If this clause is not included, the debentures will rank in priority for payment in accordance with the date of issue, and if they are all issued on the same date they will be payable according to their numerical order.

A company, however, cannot issue a new series of debentures so as to rank 'pari passu' with any prior series unless the power to do so is expressly reserved and contained in the document of offer.

Registration of charge: Under section 77 (1) of the Companies Act, 2013, it shall be the duty of every company creating a charge within or outside India, on its property or assets or any of its undertakings, whether tangible or otherwise, and situated in or outside India, to register the particulars of the charge signed by the company and the charge -holder together with the instruments, if any, creating such charge in such form, on payment of such fees and in such manner as may be prescribed, with the Registrar within thirty days of its creation.

In terms of Rule 3 of the Companies (Registration of Charges), Rules 2014 for the registration of charge in respect of debentures the following documents should be submitted to the Registrar:

- The particulars of charge;
- Instrument for the creation or the modification of the charge;
- Application in prescribed Form

1b)

Problem related to Dishonour of cheque: Liability of Promoter: According to Section 138 of the Negotiable Instruments Act, 1881 where any cheque drawn by a person on an account maintained by him with a banker for payment of any amount of money to another person from/out of that account for discharging any debt or liability, and if it is dishonoured by banker on sufficient grounds, such person shall be deemed to have committed an offence and shall be liable. In the instant case, Mr. Bean, a promoter has taken a loan on behalf of company. He is neither a director nor a person in-charge of the Company. He sent a cheque from the company's account which was subsequently dishonoured. In this case, Mr. Bean, the promoter is neither a director nor a person-in-charge of the company and is not connected with the day-to-day affairs of the company and had neither opened nor is operating the bank account of the company. Further, the cheque, which was dishonoured, was also not drawn on an account maintained by him but was drawn on an account maintained by the company. Therefore, Mr. Bean, has not committed an offence under section 138 of the Negotiable Instruments Act, 1881 and he cannot be held liable for dishonor of the said cheque.

1c)

Yes, the Director shall be held liable for the false statements in the prospectus under sections 34 and 35 of the Companies Act, 2013. Whereas section 34 imposes a criminal punishment on every person who authorises the issue of such prospectus, section 35 more particularly includes a director of the company in the imposition of liability for such mis statements.

The only situations when a director will not incur any liability for mis statements in a prospectus are as under:

- (a) No criminal liability under section 34 shall apply to a person if he proves that such statement or omission was immaterial or that he had reasonable grounds to believe, and did up to the time of issue of the prospectus believe, that the statement was true or the inclusion or omission was necessary.
- (b) No civil liability for any mis statement under section 35 shall apply to a person if he proves that:
 - (1) Having consented to become a director of the company, he withdrew his consent before the issue of the prospectus, and that it was issued without his authority or consent; or
 - (2) The prospectus was issued without his knowledge or consent, and that on becoming aware of its issue, he forthwith gave a reasonable public notice that it was issued without his knowledge or consent.

Therefore, in the present case the director cannot hide behind the excuse that he had relied on the promoters for making correct statements in the prospectus. He will be liable for mis statements in the prospectus.

1d)

"Ethics programs are not helping to manage values associated with quality management, strategic planning and diversity management".

No. This is an incorrect statement.

Reason: Ethics programs help identifying the preferred values and ensuring that organizational behaviours are aligned with those values. This includes recording the values, developing policies and procedures to align behaviours with preferred values and then providing training to all personnel about the policies and procedures. This overall effort is very useful for several other programs in the workplace that require behaviours to be aligned with values, including quality management, strategic planning and diversity management.

For example, total quality management initiatives include high priority on certain operating values, e.g. trust among stakeholders, performance, reliability, measurement and feedback.

2a)

Related party, with reference to a company, means—

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director and manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act: **Provided** that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (viii) any company which is—
 - (A) a holding, subsidiary or an associate company of such company; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary;**Note:** This Clause (viii) shall not apply with respect to section 188 to a private company
- (ix) such other person as may be prescribed;

As per Rule 3 given in the *Companies (Specification of Definitions Details) Rules, 2014*, for the purposes of sub-clause (ix) of clause (76) of section 2 of the Act, a director (other than an independent director) or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

2b)

Characteristics of Group Personality: Following are the characteristics of group personality:

- (a) **Spirit of Conformity:** Individual members soon come to realize that in order to gain recognition, admiration and respect from others they have to achieve a spirit of conformity. Our beliefs, opinions, and actions are influenced more by group opinion than by an individual's opinion, even if it is an expert's opinion.
- (b) **Respect for group values:** Any working group is likely to maintain certain values and ideals which make it different from others. In order to deal effectively with a group we must understand its values which will guide us in foreseeing its programmes and actions.
- (c) **Resistance to change:** It has been observed that a group generally does not take kindly to social changes. On the other hand the group may bring about its own changes, whether by dictation of its leader or by consensus. The degree to which a group resists change serves as an important index of its personality. It helps us in dealing with it efficiently.
- (d) **Group prejudice:** Just as hardly any individual is free from prejudice, groups have their own clearly evident prejudices. It is a different matter that the individual members may not admit their prejudiced attitude to other's race, religion, nationality etc. But the fact is that the individual's prejudices get further intensified while coming in contact with other members of the group holding similar prejudices.

2c)

As per section 3 (1)(b) of the Companies Act, 2013, a Private company may be formed for any lawful purpose with two or more persons by subscribing their names to a memorandum and complying with the requirements of this Act in respect of registration of company.

Document to be filed with the Registrar of Companies:

After getting the name approved, the following documents along with the application and prescribed fee, are to be filed with the Registrar:-

- (1) Memorandum of Association
- (2) Articles of Association
- (3) The agreement, if any, which the company proposed to enter into with any individual for appointment as its Managing or Whole Time Director or Manager.
- (4) A declaration that the requirements of the Act and the rules framed there under have been complied with. This declaration is required to be signed by an advocate of the Supreme Court or High Court or an attorney or a pleader having the right to appear before High Court or a Company Secretary or a Chartered Accountant in whole time practice in India who is engaged in the formation of a company, or by person named in the Articles as a Director, Manager or Secretary of the company.
- (5) A company shall, on and from the fifteenth day of incorporation and all times thereafter, have a registered office capable of receiving and acknowledging all communications and notices as may be addressed to it.
- (6) Apart from the above the company shall furnish to the Registrar a verification of a registered office under Section 12(2) within 30 days of incorporation in such manner as prescribed.

2d)

Distinction between bailment and pledge: The following are the distinction between bailment and pledge:

- (a) **As to purpose:** Pledge is a variety of bailment. Under pledge goods are bailed as a security for a loan or a performance of a promise. In regular bailment the goods are bailed for other purpose than the two referred above. The bailee takes them for repairs, safe custody etc.
- (b) **As to right of sale:** The pledgee enjoys the right to sell only on default by the pledgor to repay the debt or perform his promise, that too only after giving due notice. In bailment the bailee, generally, cannot sell the goods. He can either retain or sue for non-payment of dues.
- (c) **As to right of using goods:** Pledgee has no right to use goods. A bailee can, if the terms so provide, use the goods.
- (d) **Consideration:** In pledge there is always a consideration whereas in a bailment there may or may not be consideration.
- (e) **Discharge of contract:** Pledge is discharged on the payment of debt or performance of promise whereas bailment is discharged as the purpose is accomplished or after specified time.

3a)

Acceptance of deposits from members: According to Section 73 (2) of the Companies Act, 2013 a company may, subject to the passing of a resolution in general meeting and subject to such rules as may be prescribed in consultation with the Reserve Bank of India, accept deposits from its members on such terms and conditions, including the provision of security, if any, or for the repayment of such deposits with interest, as may be agreed upon between the company and its members, subject to the fulfillment of the following conditions, namely :-

- (i) issuance of a circular to its members including therein a statement showing the financial position of the company, the credit rating obtained, the total number of depositors and the amount due towards deposits in respect of any previous deposits accepted by the company and such other particulars in such form and in such manner as may be prescribed;
- (ii) filing a copy of the circular along with such statement with the Registrar within thirty days before the date of issue of the circular;
- (iii) depositing such sum which shall not be less than fifteen percent of the amount of its deposits maturing during a financial year and the financial year next following, and kept in a scheduled bank in a separate bank account to be called as deposit repayment reserve account;
- (iv) providing such deposit insurance in such manner and to such extent as may be prescribed;

3b)

LIABILITY OF A MINOR: According to Section 26 of the Negotiable Instruments Act, 1881, every person competent to contract (according to the law to which he is subject to) has capacity to bind himself and be bound by making, drawing, accepting, endorsing delivering and negotiating an instrument. A party having such capacity may himself put his signature or authorize some other person to do so.

A minor may draw, endorse, deliver and negotiate an instrument so as to bind all the parties except himself. A minor may be a drawer where the instrument is drawn or endorsed by him. In that case he does not incur any liability himself although other parties to the instrument can be made liable and the holder can receive payment from any other party thereto.

Therefore, in the instant case, the promissory note is valid and it is binding on 'P' but not on 'Q', a minor.

3c)

- (a) **Guidelines for drafting a Press Release:** The term press release in its narrower sense is used for releases covering news. The press release contains worthwhile material which has some news value.

The press release should be written in a journalistic style. It should provide facts or information of interest to the readers and should attempt to cover all aspects of a specific subject. There should not be any loose ends. It should be on a subject which is recent or in news. The release should not be generally lengthy. It should be concise and to the point. It has not much place for subsidiary or background material.

The introduction or lead should be in a summary format as it is a news story.

The releases should have a consistent format. Generally, the name of the organization from where the release emanates is given on the top. The date and place are indicated on the top right side. The release should have a title and a sub-title also, if necessary. It should have a suitable introductory paragraph. In the case of releases from non-official organization, it is desirable also to mention the designation of the person issuing the release and his telephone number.

- (b) **The Press Communiqué:** The press communiqués are issued when some important government decisions or announcements are made such as cabinet appointments, conclusion of the foreign dignitaries' visits, international agreement, etc. The press communiqué is formal in character. It carries the name of the ministry or department and the place, the date at the bottom left-hand corner of the release. Generally, the press is expected to reproduce the press communiqué without any substantial change. No heading or subheading is given on press communiqués.

4a)

According to Section 50 of the Companies Act, 2013, a company may, **if so authorized by the Articles**, accept from any member, the whole or a part of the **amount remaining unpaid on any shares by him**, even if no part of that amount has been called up. The amount so received or accepted is described as payment in **advance of calls**. When a company receives payment in advance of calls, **the consequences will be as follows:**

- (i) The shareholder is not entitled to voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable [Section 50)].
- (ii) The shareholder's liability to the company in respect of the call for which the amount is paid is extinguished.
- (iii) The shareholder is entitled to claim interest on the amount of the call to the extent payable according to articles of association. If there are no profits, it must be paid out of capital, because shareholder becomes the creditor of the company in respect of this amount.
- (iv) The amount received in advance of calls is not refundable.
- (v) In the event of winding up, the shareholder ranks after the creditors, but must be paid his amount with interest, if any, before the other shareholders are paid off.

- (vi) The power to receive the payment in advance of calls must be exercised in the general interest and for the benefit of the company. (*syke's case (1872) L.R. 13 Eq. 255*)

Therefore, according to the above provisions:-

- (i) Sujeev is not entitled to vote in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.
- (ii) As per the provisions of law, the amount received in advance of calls is not refundable. However, Sujeev is entitled to claim interest on the amount of the call to the extent payable according to the Articles of Association. If there are no profits, it must be paid out of capital, because shareholder becomes the creditor of the company in respect of this amount.

4b)

According to section 133 of the Indian Contract Act, 1872, where there is any variance in the terms of contract between the principal debtor and creditor without surety's consent, it would discharge the surety in respect of all transactions taking place subsequent to such variance.

Thus, if the creditor makes any variance (i.e. change in terms) without the consent of the surety, then surety is discharged as to the transactions subsequent to the change. In the instant case Yash is liable as a surety for the loss suffered by the bank due to misappropriation of cash by Shashank during the first nine months but not for misappropriations committed after the reduction in salary.

4c)

Ordinarily, a finance and accounting professional should support the legitimate and ethical objectives established by the employer and the rules and procedures drawn up in support of those objectives. Nevertheless, where compliance with the fundamental principles is threatened, a finance and accounting professional must consider a response to the circumstances. As a consequence of responsibilities to an employing organization, a finance and accounting professional may be under pressure to act or behave in ways that could directly or indirectly threaten compliance with the fundamental principles. Such pressure may be explicit or implicit; it may come from a supervisor, manager, director or another individual within the employing organization. A finance and accounting professional may face pressure to:

- ◆ Act contrary to law or regulation.
- ◆ Act contrary to technical or professional standards.
- ◆ Facilitate unethical or illegal earnings management strategies.
- ◆ Lie to, or otherwise intentionally mislead (including misleading by remaining silent) others, in particular:
 - ◆ The auditors of the employing organization; or
 - ◆ Regulators;
 - ◆ Issue, or otherwise be associated with, a financial or non-financial report that materially misrepresents the facts, including statements in connection with.

For example: The financial statements; Tax compliance; Legal compliance; or Reports required by securities regulators.

4d)

Importance of Active listening: It is important for several reasons:

- (i) It aids the organization in carrying out its missions.
- (ii) It helps individuals to advance in their careers.
- (iii) It provides information that helps them to learn about important happenings in the organization, as well as assisting them in doing their own jobs well.
- (iv) It also helps in building strong personal relationships.

5a)

Under section 137(1) of the Companies Act, 2013,

- a copy of the financial statements,
- including consolidated financial statement, if any,
- along with all the documents which are required to be or attached to such financial statements under this Act,
- duly adopted at the annual general meeting of the company,
- **shall be filed with the Registrar within thirty days of the date of annual general meeting** in such manner, with such fees or additional fees as may be prescribed within the time specified.
- Every company shall file the financial statements with the Registrar together with *Form AOC-4*.

Provided that where the **financial statements under sub-section (1) are not adopted at annual general meeting or adjourned annual general meeting, such unadopted financial statements along with the required documents under sub-section (1) shall be filed with the Registrar within thirty days of the date of annual general meeting** and the Registrar shall take them in his records as provisional till the financial statements are filed with him after their adoption in the adjourned annual general meeting for that purpose.

Further under section 137(2) of the Companies Act, 2013 **where the annual general meeting of a company for any year has not been held, the financial statements along with the documents required to be attached under sub-section (1), duly signed along with the statement of facts and reasons for not holding the annual general meeting shall be filed with the Registrar within thirty days of the last date before which the annual general meeting should have been held** and in such manner, with such fees or additional fees as may be prescribed within the time specified.

Accordingly,

- (i) In the present case though Annual General Meeting was not held, it ought to be held by 30th September, 2014 under sections 96 of the Companies Act, 2013.
Therefore, under the provisions of section 137(2) the **financial statements** along with the documents required to be attached under this Act, duly signed along with the statement of facts and reasons for not holding the annual general meeting **shall be filed with the Registrar within thirty days of the last date before which the annual general meeting should have been held i.e. by 30th October 2014** alongwith such fees or additional fees as may be prescribed.
- (ii) Since the Annual General Meeting has been held in time on 27th September 2014, the **unadopted financial statements** along with the required documents under sub-section (1) of section 137 **shall be filed with the Registrar within thirty days of the date of annual general meeting and the Registrar shall take them in his records as provisional till the financial statements are filed with him after its adoption** in the adjourned annual general meeting for that purpose.

5b)

Suit for Injunction - As per the Indian Contract Act, 1872, a suit for injunction is a remedy provided to the aggrieved party on the breach of contract. The term injunction may be defined as an order of the courts restraining a person from doing something which he promised not to do. In general, injunction is a court order by which an individual is required to perform, or is restrained from performing, a particular act. In relation to the law of contract, injunction is a useful weapon for the purpose of encouraging performance of a contract involving personal services.

When a party makes a breach of contract, the injured party can, under certain circumstances, apply to the Court for issuing of an injunction with a view to prohibiting the party for making breach of the contract or doing something against the term of contract.

The power of Court to grant injunction is discretionary. However the Courts generally grant injunctions in the following cases:

- (i) **In case of clear negative stipulation:** Sometimes there is clear negative stipulation in the contract that a party will not do a particular thing. In such cases, if that party undertakes to do the same thing and makes a breach of

contract, the Court may grant an injunction on the request of the aggrieved party.

- (ii) **In case of inferred negative stipulation:** Where in the contract there is no clear negative stipulation but it can be inferred from it that there existed a negative stipulation, the court may also grant an injunction. But the Courts generally go by the distinct negative stipulation.

5c)

As per Section 12 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, no employer in relation to an establishment to which any Scheme or the Insurance Scheme applies shall, by reason only of his liability for the payment of any contribution to the Fund or the Insurance Fund or any charges under this Act or the Scheme or the Insurance Scheme, reduce, whether directly or indirectly, the wages of any employee to whom the Scheme or the Insurance Scheme applies or the total quantum of benefits in the nature of old age pension, gratuity, provident fund or life insurance to which the employee is entitled under the terms of his employment, express or implied.

Considering the above mentioned provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Pioneer Mills Ltd. even though was suffering losses for past two years, cannot effect such reduction in the salary of the employees to reduce its liability for the payment of contribution to Provident Funds.

5d)

NCA's credo for ethical communication: The National Communication Association (NCA) states: "ethical communication enhances human worth and dignity by fostering truthfulness, fairness, responsibility, personal integrity, and respect for self and other. Following are the credo for ethical communication:

- (i) Truthfulness, accuracy, honesty, and reason are essential to the integrity of communication.
- (ii) Endorse freedom of expression, diversity of perspective, and tolerance of dissent to achieve the informed and responsible decision making fundamental to a civil society.
- (iii) Strive to understand and respect other communicators before evaluating and responding to their messages.
- (iv) Access to communication resources and opportunities are necessary to fulfill human potential and contribute to the well being of families, communities, and society.
- (v) Promote communication climates of caring and mutual understanding that respect the unique needs and characteristics of individual communicators.
- (vi) Condemn communication that degrades individuals and humanity through distortion, intolerance, intimidation, coercion, hatred, and violence.
- (vii) Commit to the courageous expression of personal convictions in pursuit of fairness and justice.
- (viii) Advocate sharing information, opinions, and feelings when facing significant choices while also respecting privacy and confidentiality.
- (ix) Unethical communication threatens the quality of all communication and consequently the well being of individuals and the society in which we live.
- (x) Accept responsibility for the short- and long-term consequences for our own communication and expect the same of others.

6a)

The problem as asked in the question is based on one of the essential elements of a valid contract as stated under Section 10 of the Indian Contract Act, 1872. In terms of the said section, "all agreements are contracts if they are made by the free consent of the parties competent to contract, for a lawful consideration and with a lawful object and are not expressly declared void". Thus, in order to be valid contract, such agreement must not be one which the law expressly declares to be either illegal or void.

A void agreement is one which does not have any legal effect. Certain agreements such as agreements in restraint of trade, marriage, legal proceedings etc., are void agreements since they have been identified as "opposed to public policy".

The given instance is based on the agreement in restraint of legal proceedings. This agreement restricts one's right to enforce his legal rights. Such an agreement has been expressly declared to be void under section 28 of the Indian Contract Act, 1872 as they are opposed to public policy.

Hence, "R" in the given case cannot recover the amount of ₹ 5 lakhs promised by "N" because it is a void agreement and cannot be enforced by law.

6b)

Pragmatic reasons for maintaining ethical behaviour: Marketing executives should practice ethical behaviour because it is morally correct. To maintain ethical behaviour in marketing, the following positive reasons may be useful to the marketing executives:

1. **To reverse declining public confidence in marketing:** Sometime misleading package labels, false claim in advertisement, phony list prices, infringement of trademarks pervert the market trends and such behaviour damages the marketers' reputation. To reverse this situation, business leaders must demonstrate convincingly that they are aware of their ethical responsibility and will fulfill it. Companies must set high ethical standards and enforce them. Moreover, it is in

management's interest to be concerned with the well being of consumers, since they are the lifeblood of a business.

2. **To avoid increase in government regulation:** Business apathy, resistance, or token responses to unethical behaviour increase the probability of more governmental regulation. The governmental limitations may also result from management's failure to live up to its ethical responsibilities. Moreover, once the government control is introduced, it is rarely removed.
3. **To retain power granted by society:** Marketing executives wield a great deal of social power as they influence markets and speak out on economic issues. However, there is a responsibility tied to that power. If marketers do not use their power in a socially acceptable manner, that power will be lost in the long run.
4. **To protect the image of the organisation:** Buyers often form an impression of an entire organisation based on their contact with one person. That person represents the marketing function. Some times a single sales clerk may pervert the market opinion in relation to that company which he represents.

Therefore, the ethical behaviour in marketing may be strengthened only through the behaviour of the marketing executives.

6c)

Press Release: The term "Press Release" in its narrower sense is used for release covering news. The press release contains worthwhile material which has some news value. It is not only unnecessary expenditure but also damages the reputation of the concerned publicity / information department if the release is on a very trivial matter.

The Press Release should be written in a Journalistic Style:

It should provide facts or information of interest to the readers and should attempt to cover all aspects of a specific subject. There should not be any loose ends. It should be on a subject which is recent or in news. The release should not be generally lengthy. It should be concise and to the point. It has not much place for subsidiary or background material. The release is a piece of clear writing without any ambiguity, without any efforts towards colour or ornamentation.

The introduction or lead should be in a summary format as it is a news story. The relative value of the various ingredients of the subjects in the press release is weighted and evaluated and the most pertinent of them are included in the lead.

The releases should have a consistent format. Generally, the name of the organization from where the release emanates is given on the top. The date and place are indicated on the top right side. The release should have a title and a sub-title also, if necessary. It

should have a suitable introductory paragraph. In the case of releases from non-official organization, it is desirable also to mention the designation of the person issuing the release and his telephone number.

6d)

Business Letter - acknowledging receipt of goods:

KUNAL CHEMICALS LIMITED

Regd. Office : 15, Okhla Estate, New Delhi - 110016

Phone : 6132757, Fax : 6132767

E-mail: kunalchem@rediffmail.com ,

website: www.kunalchem.org

Messrs. Shippers & Perfect Delivers

Dated:

16, Nariman Point

Mumbai

Sir

Subject: Acknowledging the receipt of Consignment No _____

Reference: Our request 24/FD/55 – dated 1st August, 2015

We acknowledge with thanks the receipt of above consignment in our godown and we are arranging the payment of proceeds towards the said consignment by way of crossed cheque in favour of your company within a period of next 15 days.

We solicit your relationship in our future dealings.

Thanking you

Yours faithfully

For on behalf of Kunal Chemicals Ltd.

7a)

Nominations for gratuity: Normally, the gratuity is paid to the employee by his employer, where his services are terminated due to any reason in his lifetime, but after the death of the said employee, the earned gratuity is to be paid to his successors and to avoid any type of complications and controversies, the provision of the nomination by the employee to get the gratuity, in case of his death is made. The provisions are as below:

- (1) **Nomination in favour of one or more family members:** If an employee has a family at the time of making nomination, the nomination shall be made in favour of one or more members of his family, and any nomination made by such employee in favour of a person who is not a member of his family shall be void.
- (2) **Nomination by the employee having no family but subsequently acquiring family:** If at the time of making a nomination the employee has no family, the nomination may be made in favour of any person or persons but if the employee subsequently acquires a family, such nomination shall forthwith become invalid and the employee shall make, within such time as may be prescribed, a fresh nomination in favour of one or more members of his family.

7b)

QUORUM; CONSEQUENCES OF NO QUORUM: Quorum means the minimum number of members who must be present in order to constitute a meeting and transact business thereat. Thus, quorum represents the number of members on whose presence the meeting of a company can commence its deliberations.

Section 103 of the Companies Act, 2013 provides the law with respect to the quorum for the meetings. The said section provides that where the Articles of the company do not provide for a larger number, there the quorum shall depend on number of members as on date of a meeting.

In case of a public company:

- (i) five members personally present if the number of members as on the date of meeting is not more than one hundred;
- (ii) fifteen members personally present if the number of members as on the date of meeting is more than one thousand but up to five thousand;
- (iii) thirty members personally present if the number of members as on the date of the meeting exceeds five thousand;

shall be the quorum for a meeting of the company.

CONSEQUENCES OF NO QUORUM: If the quorum is not present within half-an-hour from the time appointed for holding a meeting of the company –

- (a) the meeting shall stand adjourned to the same day in the next week at the same time and place, or
- (b) to such other date and such other time and place as the Board may determine; or
- (c) the meeting, if called by requisitions (under section 100), shall stand cancelled.

In the instant case, KMP Limited is a public company with total number of 2750 members, hence atleast 15 members should have been personally present in order to constitute a valid quorum for the Annual General Meeting.

Thus, the meeting shall automatically stand adjourned to the same day in the next week at the same time and place, if the quorum is not present within half –an-hour from the time appointed for holding a meeting of the company. Further, the Board of Directors may decide for such other date and such other time and place, which they may deem fit. Section 103 of the said Act itself provides for automatic adjournment of the meeting to the same day in the next week at the same time and place, rather the Chairman obviating to take a decision on the matter of the meeting. The question of validity of Chairman's decision does not arise.

7c)

(1) **Incorrect.**

The given statement is Incorrect. According to Section 31A of the payment of Bonus Act, 1965 any such agreement whereby the employees relinquish their right to receive minimum bonus under Section 10, shall be null and void in so far as it purports to deprive the employees of the right to receiving minimum bonus.

(2) **Incorrect.** As per section 18 of the Payment of Bonus Act, 1965, where in any accounting year, an employee is found guilty of misconduct causing financial loss to the employer, then the employer can lawfully deduct the amount of loss from the amount of bonus payable by

him to the employee in respect of that accounting year only in order to compensate loss. In this case, the employee shall get the balance, if there be any, but not completely denied from getting the bonus.

7d)

Paralanguage: The term "Paralanguage" is used to describe a wide range of vocal characteristics like tone, pitch and speed etc. - vocal cues that accompany spoken language which help to express and reflect the speaker's attitude. Paralanguage describes a wide range of vocal characteristics, which help to express and reflect the speaker's attitude. On careful observation, we find that a speaker use a vast range of vocal cues like :

- (1) **Pitch Variation:** Most of us introduce wide variations in pitch while speaking. These variations are necessary to catch the listener's attention and to keep him interested in us.
- (2) **Speaking Speed:** One should not always speak at a high speed. Speaking fast or at a high speed is not fluency. We speak at different speeds on different occasions and while conveying different parts of a message.
- (3) **Pause:** The speaking speed is also accompanied by pauses, at the right moments. Incorrect use of pauses can create problems. A pause can be highly effective in emphasizing the upcoming subject and in gaining the listener's attention. Too frequent pauses will, however, spoil the speech.

- (4) **Volume Variation:** Our speech should be loud enough to be audible to the audience, not too loud to put them off. The larger the audience, the higher the volume. But depending upon the different parts of the message we should monitor the volume of our speech so as to bring about a sense of contrast to generate interest of the audience.
- (5) **Non-Fluencies:** Utterances like 'oh', 'ah', 'um', 'you know', 'ok', etc. are known as non-fluencies. Frequent non-fluencies irritate the listener.
- (6) **Word Stress:** Proper word stress is of crucial importance in communication. By putting stress or emphasis on a word here or a word there in the same sentence we can change the meaning.

7e)

According to section 77(1) of the Companies Act, 2013, the prescribed particulars of the charge together with the instrument, if any by which the charge is created or evidenced, or a copy thereof shall be filed with the Registrar within 30 days after the date of the creation of charge.

In the present case particulars of charge have not been filed within the prescribed period of 30 days.

However, the Registrar is empowered under proviso to section 77 (1) to extend the period of 30 days by another 300 days on payment of such additional fee as may be prescribed. Taking advantage of this provision, Mind Limited, should immediately file the particulars of charge with the Registrar and satisfy the Registrar that it had sufficient cause, for not filing the particulars of charge within 30 days of creation of charge.

There will be no change in the situation if the charge was created on 12th February, 2018.