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# PRESIDENCY UNIVERSITY

## BENGALURU

### Mid - Term Examinations – October 2025

**Date:** 08-10-2025

**Time:** 02.00pm to 03.30pm

<b>School:</b> SOL	<b>Program:</b> B.A.LL.B/ BB.A.LL.B/B.COM.LLB (HONS)	
<b>Course Code:</b> LAW3007	<b>Course Name:</b> COMPANY LAW I	
<b>Semester:</b> V	<b>Max Marks:</b> 50	<b>Weightage:</b> 25%

<b>CO - Levels</b>	<b>CO1</b>	<b>CO2</b>	<b>CO3</b>	<b>CO4</b>	<b>CO5</b>
<b>Marks</b>	<b>24</b>	<b>26</b>	-	-	-

#### Instructions:

- (i) *Read all questions carefully and answer accordingly.*
- (ii) *Do not write anything on the question paper other than roll number.*

#### Part A

**Answer ALL the Questions. Each question carries 2marks.**

**5Q x 2M=10M**

<b>1</b>	Elucidate a fundamental point of divergence between a Limited Liability Partnership (LLP) and an incorporated company, with reference to their respective legal characteristics.	<b>2 Marks</b>	<b>L1</b>	<b>CO1</b>
<b>2</b>	Exound upon the concept of “limited liability,” illustrating your answer with a pertinent example.	<b>2 Marks</b>	<b>L1</b>	<b>CO1</b>
<b>3</b>	Enumerate any two substantive rights vested in promoters during the process of company formation.	<b>2 Marks</b>	<b>L2</b>	<b>CO2</b>
<b>4</b>	Analyse the legal consequences that ensue when the Memorandum of Association is altered without adherence to the statutorily prescribed procedure.	<b>2 Marks</b>	<b>L2</b>	<b>CO2</b>
<b>5</b>	Briefly define and explain the Doctrine of Indoor Management, highlighting its significance in corporate jurisprudence.	<b>2 Marks</b>	<b>L2</b>	<b>CO2</b>

#### Part B

**Answer the Questions.**

**Total Marks 40M**

<b>6.</b>	X Ltd. was incorporated with the object of manufacturing furniture.	<b>5+5 Marks</b>	<b>L2</b>	<b>CO</b>
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	The directors of the company started dealing in real estate and incurred losses. Can the company be held liable for such transactions? Discuss with reference to corporate personality and ultra vires acts.			<b>2</b>
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**Or**

<b>7.</b>	Mr. Arjun, a promoter, entered into a contract for renting office space for the proposed company. After incorporation, the company refused to take the premises. Analyse the legal position of Mr. Arjun and the landlord.	<b>10 Marks</b>	<b>L2</b>	<b>CO 2</b>
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<b>8.</b>	The Articles of Association of a company stated that "all share transfers must be approved by the Board." A shareholder sold shares to Mr. Y without board approval. Can the company refuse registration of transfer? Explain	<b>10 Marks</b>	<b>L2</b>	<b>CO 2</b>
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**Or**

<b>9.</b>	The Board of Directors of LMN Ltd. entered into a contract with a supplier without checking whether the Articles allowed such authority. Later, the company refused payment. Evaluate the liability of the company in light of the Doctrine of Constructive Notice.	<b>10 Marks</b>	<b>L2</b>	<b>CO 2</b>
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<b>10.</b>	Mr. Sharma, a substantial creditor of Zenith Pvt. Ltd., instituted proceedings for the recovery of outstanding dues. In defence, the directors contended that, by virtue of the doctrine of corporate personality, they could not be held personally accountable for the company's obligations. Critically examine whether Mr. Sharma's claim could prevail if fraudulent conduct on the part of the directors is established, with particular reference to the principle of lifting the corporate veil.	<b>10 Marks</b>	<b>L1</b>	<b>CO 1</b>
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**Or**

<b>11.</b>	Mr. Verma incorporated Verma Tools Pvt. Ltd., holding 98% of the shares, while his wife and children held the remaining 2%. The company soon became insolvent, and creditors argued that the company was merely a façade for Mr. Verma's personal business and that he should be personally liable for its debts. Applying the principle in <i>Salomon v. Salomon</i> , critically analyze whether the court should uphold the company's separate legal personality or pierce the corporate veil in this situation.	<b>10 Marks</b>	<b>L1</b>	<b>CO 1</b>
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<b>12.</b>	MNP Ltd. entered into a contract for the supply of raw materials	<b>10 Marks</b>	<b>L1</b>	<b>CO</b>
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	through its Managing Director, who signed the agreement on behalf of the company. Later, the company defaulted on payment, and the supplier sued the Managing Director personally, arguing that since he signed the contract, he was individually liable.  Applying the principle that a company is a juristic person acting through natural persons, analyze whether the Managing Director can be held personally responsible, or whether liability rests solely with the company.			1
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**Or**

<b>13.</b>	Continental Tyre India Ltd., incorporated in India, has almost all of its shareholders and directors residing in a country with which India has just entered into war. The company files a suit in an Indian court to recover money from a local debtor. The debtor argues that the company should be treated as an “enemy company” since its controlling minds are enemies of the State.  Applying the principle in <i>Daimler Co. Ltd. v. Continental Tyre &amp; Rubber Co.</i> , analyze whether the company can maintain the suit.	<b>10 Marks</b>	<b>L1</b>	<b>CO 1</b>
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