



**PRESIDENCY UNIVERSITY
BENGALURU**

**SCHOOL OF LAW
END TERM EXAMINATION - JAN 2023**

Semester : SEMESTER - V - 2020

Course Code : LAW132

Course Name : Sem V - LAW132 - Company Law

Program : LLB (All)

Date : 11-JAN-2023

Time : 1.00PM - 4.00PM

Max Marks : 100

Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.

PART A

ANSWER ALL THE FOLLOWING QUESTIONS

10 X 2 = 20M

1. Write any four characteristics of a company.
(CO1) [Knowledge]
2. Write one advantage and disadvantage of a company.
(CO1) [Knowledge]
3. Outline any two significant amendments of the Companies Act 2013.
(CO1) [Knowledge]
4. During a war all members of a private company, while in general meeting, are killed by a bomb. Does the company cease to exist because all the members die? State reasons.
(CO2) [Knowledge]
5. "Members of a limited liability company, may nevertheless have unlimited liability." Comment.
(CO2) [Knowledge]
6. Outline any two duties of a promoter.
(CO2) [Knowledge]
7. Outline any two liabilities of a promoter.
(CO2) [Knowledge]
8. What is the validity of an act ultra-vires to the Articles of Association?
(CO3) [Knowledge]
9. What do you understand by Red-Herring Prospectus?
(CO4) [Knowledge]
10. What do you understand by 'dilution of ownership'? (Give examples)
(CO4) [Knowledge]

PART B

ANSWER ALL THE FOLLOWING QUESTIONS

4 X 10 = 40M

11. The MOA of a company contains the object for which the company is formed. It identifies the scope of its operations and determines the boundaries it cannot cross. It is a public document according to Section 399 of the Companies Act, 2013. Hence, any person who enters into a contract with the company is expected to have knowledge of the MOA. Section 399 allows any person to electronically inspect, make a record, or get a copy/extract of any document of any company which the Registrar maintains. There is a fee applicable for the same. The documents include the certificate of incorporation of the company. The MOA and AOA are public documents. This section confers the right of inspection to all. Discuss with the help of nature, scope and exception to it.
(CO3) [Comprehension]
12. A promoter is neither a trustee nor an agent of the company which he promotes but he stands in a fiduciary position towards the company and the original allottee of shares. Comment on the statement.
(CO3) [Comprehension]
13. There are times when the structure of the company is to be changed which is done either by adding a new shareholder or by changing the current proportion of shares between shareholders. Allotment of shares is the formation and distribution of new shares by a company. New shares can be issued either to the new or current shareholders. Offers for shares are made on application forms provided by the company. When the application is accepted, it is called an allotment. Elaborate the process and concept of allotment of shares and distinguish the process from the transfer of shares.
(CO4) [Comprehension]
14. There is a provision of powers to borrow for the company in the memorandum of association of a company. The loans are raised by the corporate sector by the way of issuance of debentures. As the funds raised by the issue of shares are not adequate to meet the financial demand of the company in long run. A Company takes a loan with due consideration to the need of the company and accordingly issues distinct/different types of rights over the debentures to the holders. Elaborate
(CO4) [Comprehension]

PART C

ANSWER ALL THE FOLLOWING QUESTIONS

2 X 20 = 40M

15. In a case, a special resolution was passed in the General Meeting of the company, the Articles authorize the Directors to borrow money from time to time through bonds. A bond was signed by the Company's Secretary and the 2 Directors under the seal of the company where the plaintiff was authorized to draw from the current account without the authority of any resolution. On the basis of this bond, Turquand sought to bind the action taken by the company. So, the question of whether the company can be held liable for the bond or not was challenged in this case. Decide with the help of relevant concept and case laws.
(CO3) [Application]
16. The 2008 financial crisis resulted in a year with the least number of IPOs. After the recession following the 2008 financial crisis, IPOs ground to a halt, and for some years after, new listings were rare. More recently, much of the IPO buzz has moved to a focus on so-called unicorns—startup companies that have reached private valuations of more than \$1 billion. Investors and the media heavily speculate on these companies and their decision to go public via an IPO or stay private. Analyze the process of converting a public company into a publicly listed company and also discuss with due reference to the importance of a prospectus for an IPO.
(CO4) [Application]
