

COURSE: B.COM. (H.)

SEMESTER - II

PAPER: CORPORATE LAW

Assignment Questions

1. "A Company is in Law a different person altogether from the members". Comment citing relevant case laws.
2. Define Pre-incorporation Contracts. Discuss the legal effects of Pre-Incorporation Contracts.
3. Write a note on the concept and advantages of Book Building Process.
4. What do you mean by One Person Company? What are the exemptions enjoyed by OPC?
5. Explain the "Doctrine of Indoor Management". State the cases in which the "Doctrine of Indoor Management is not applicable".
6. "Buyback of Shares is an instrument to improve shareholders net worth." Explain. State relevant provisions pertaining to buyback of shares by a company.
7. Distinguish between any one:
 - Memorandum and Articles of Association
 - Right Shares and Bonus Shares.
 - Shares and Stock.
8. How are directors appointed by a Company in a General Meeting?
9. Mohan subscribed to the shares of a Company on the basis of a Prospectus which contained fraudulent statement. After a few days, Mohan sells his shares to Radha. Radha files a suit in the Court of Law against misstatement in the Prospectus and claims compensation. Will she succeed?
10. Write a short note on any one:
 - Independent Director
 - Association not for Profit
 - Issue of Sweat Equity Shares
 - Shelf Prospectus
11. The articles of 'P' Limited contained a clause that Q would be the legal advisor of the Company and would not be removed except for misconduct. P Ltd, after some time removed Q . Has Q a legal right against this action of the Company?

INTERNAL TEST

Attempt any three Questions:-

1. Define a Government Company. State special provisions of the Companies Act relating to Government Companies.

2.
 - a) Explain the provisions of Companies Act 2013 relating to the establishment of Investor Education and Protection Fund.
 - b) The shareholders at an AGM of a public company unanimously resolved for payment of dividend though the BOD did not recommend payment of any dividend. State the legal position.
3.
 - a) What is an Extraordinary General Meeting? Who can call such a meeting?
 - b) Anil appoints Ram as proxy. Just before the meeting, Anil comes to attend the meeting. Explain the position of proxy appointed by Anil.
4. Explain the following:
 - Dematerialization
 - Depository
 - Depository participant
5. State the provision of the Companies Act relating to Alteration of name clause in the Memorandum.
6. State any ten differences between a private company and a public company.
7. Explain **section 8 companies** as stated in the Act .
8. A company has its registered office at Mumbai. Due to some reasons favorable to the company, it wishes to shift its registered office to London. Can this be permitted?
9. The Directors of a company borrowed Rs.1 Lakh from Mr. X. The articles of association of company contained a clause that the company can borrow only after getting resolution passed in the shareholders meeting. No such resolution was passed by the company. Mr. X wanted to sue the company for repayment. Discuss.
- 10 'A' purchase 5000 shares of XYZ Ltd from 'B' on the basis of a prospectus containing wrong statement. What remedies are available to Mr. A against company?

Multiple Choice Questions

1. Doctrine of Indoor Management is based upon the case law.

- (a) Salomon Vs Salomon and Co. Limited
- (b) Gluckstein Vs Barnes
- (c) Royal British Bank Vs Turquand
- (d) Rex Vs Kysant

2. Investor Education and Protection Fund is created out of

- (a) Net profits of the Company
- (b) Directors' Remuneration

- (c) Premium on issue of shares
- (d) Unpaid and unclaimed dividend

3. Following decision in a company is based upon special resolution

- (a) Alteration of Articles
- (b) Declaration of dividend
- (c) Appointment of Directors
- (d) Issue of Bonus Shares

4. Following directors cannot be appointed by Directors-

- (a) Additional directors
- (b) Small shareholders' directors
- (c) Casual vacancy
- (d) Alternate directors

5. A company cannot issue fully paid bonus shares to its members out of

- (a) Reserves created by revaluation of assets
- (b) Free reserves
- (c) The Securities Premium Account
- (d) The Capital Redemption Reserve Account

6. A single private communication does not amount to issue to the public. This provision pertaining to "what constitutes an offer to public" was upheld in the following case law

- (a) Abdul Haq Vs Das Mal
- (b) Nash Vs Lynde
- (c) Gilford Motor Co. Ltd. Vs Horne
- (d) Kelner Vs Baxter

7. As per the Companies Act, 2013, shelf prospectus can be issued by-

- (a) Financial institutions

- (b) Public Sector Banks
- (c) Public Limited Companies
- (d) All of the above

8. Binding effect of Memorandum and Articles of Association implies that

- (a) Company and its members are bound to each other
- (b) Company cannot alter its Memorandum
- (c) Company cannot raise funds through issue of shares
- (d) Company can act outside its Articles

9. Provisions pertaining to alteration of Situation clause are not applicable to-

- (a) Change of registered office from one city to another city within the same state
- (b) Shifting of registered office from one state to another state
- (c) Shifting of registered office to any place outside India
- (d) Change of registered office within the same district or town

10. Process of Online Registration of a company involves the following steps

- (a) Pass special resolution
- (b) File return with ROC
- (c) Fill up the form No. INC 32 (spice)
- (d) Seek approval from NCLT

ANSWER KEY

- 1. c
- 2. d
- 3. a
- 4. b
- 5. a

6. b

7. d

8. a

9. c

10. c.