

<b>Name:</b>	
<b>Enrolment No:</b>	

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, December 2019**

<b>Course: Company Law - I</b>	<b>Semester: 5</b>
<b>Program: BA., LL.B. (HONS.) ENERGY LAWS/ CL/LL/CL</b>	
B.Com. LLB. (Hons.) Taxation Laws/ BBA. LL.B. Corporate Laws/ BIFL/ITIL	<b>Time: 03 hrs.</b>
<b>Course Code: CLCC – 3001</b>	<b>Max. Marks: 100</b>

**Instructions: All the questions are compulsory.**

**SECTION A**

Q1	Short answer questions ( <i>attempt in maximum four lines</i> )	Marks	CO
I	What do you understand by the conclusiveness of the certificate of incorporation of a company?	2	CO1
II	What is understood by ‘Rights Issue’?	2	CO4
III	What is the Fiction Theory of corporate personality?	2	CO2
IV	Taking the Companies Act 2013 into consideration, what do you mean by the term ‘Public Offer’? What are the ways by which a Public Company can raise securities??	2	CO2
V	What is green shoe option?	2	CO2

**SECTION B**

Q 2	Write short notes on: <b>(Any one)</b> <ol style="list-style-type: none"> <li>a) Rationale and mechanism behind Reduction of share capital under the Companies Act, 2013.</li> <li>b) Doctrine of Indoor Management as an exception to the Doctrine of Constructive Notice.</li> </ol>	<b>10</b>	<b>CO2 CO1</b>
Q 3	Answer the following: <b>(Any one)</b> <ol style="list-style-type: none"> <li>a) The full disclosure of the facts and circumstances relating to the formation of a company constitute the best safeguards against abuse of law by unscrupulous company promoters and managers. A good prospectus is one which will allow an intelligent judgment to be made on the viability of the project. Keeping the Companies Act 2013 in mind, discuss the meaning and scope of the term Prospectus and briefly talk through the different kinds of Prospectus thereby highlighting the necessary changes made as per the Companies Act, 2013.</li> <li>b) Carrying the analogy of Constitutional Law a further Prof. Gower describes “The Members in the general meeting and the Directors are the two primary organs of a Company and compares them with the legislative and the executive</li> </ol>	<b>10</b>	<b>CO4 CO2 CO1</b>

	organs of a parliamentary democracy where legislative sovereignty rests with the parliament while the administration is left with the executive, subject to a measure of control by the parliament through the power to force a change in the government...” Justify the above statement with certain examples. In doing so also discuss to the theoretical foundation of the concept of corporate personality and relate it with the practicality of the concept.		
<b>SECTION-C</b>			
Q 4	“In an ideal situation, gender diversity would occur as women scale up the corporate hierarchies just like her male counterparts and graduate to the board through her sheer knowledge and achievements. Since that has not happened, these ratios need to be forced into a new configuration at the workplace in the interest of the enterprise” – What role has the Companies Act, 2013 played in enforcing gender diversity in companies?	<b>10</b>	<b>CO3</b>
Q 5	According to Gower, “Debenture is a name applied to certain types of documents evidencing an indebtedness which is normally but not necessarily secured by a charge over property” Primary debt market in India includes Issuers such as large private sector corporate, public sector, financial institutions, banks and medium and small companies. The instruments include partly convertible debentures (PCDs), fully convertible debentures (FCDs), bonds etc. Do you agree? In light of the above paragraph, discuss the meaning of the term Debenture and state its kinds. State the major distinctions between a shareholder and a debenture holder. Briefly talk through the role and importance of a debenture trustee and debenture trust deed.	<b>10</b>	<b>CO4</b>
<b>SECTION-D</b>			
Q 6	Mr. X was a proprietor of a sole proprietorship firm, Y Associates with the business of manufacturing dog food. He wanted to convert the same to a private limited company where he and his two sons will be the promoters and the first subscribers to the memorandum. X realized that in order for the proposed company to function smoothly, it needs bigger godowns and warehouses for the manufacture and storage of its products. He took three godowns on lease from Mr. Z on the condition that the premium/rent of such godowns shall be paid once the company is incorporated. However, the premises of the godowns were acquired by Y Associates before the same was converted to X Industries Pvt. Ltd. After X Industries Pvt. Ltd. was incorporated, there was a default in payment of premium/rent to Z for two consecutive months. It was later discovered by X that Mr. A, one of the directors appointed in X Industries Pvt. Ltd. misutilised the money that was to be paid towards such rent or premium for his personal use. Mr. Z thereafter filed a money suit against Mr. A in the district court. While the litigation was pending, X Industries Pvt. Ltd. wanted to convert itself to a public company and thereby invited subscription of 100000 shares from the public and	<b>15+15</b>	<b>CO2, CO4, CO3</b>

	<p>thereby issued a red herring prospectus to that effect. The litigation was not disclosed to the shareholders and a total of 900 shares were subscribed by the public. One such shareholder, Mr. B unaware of the company's pending litigation invested in 30 shares in the company. On being aware of the same, he filed a suit against X Industries Pvt. Ltd. For defrauding him.</p> <p>A) Discuss liabilities of Mr. X and X Industries Pvt. Ltd. for non-disclosure to B in the prospectus. What is a red herring prospectus?</p> <p>B) In the light of the above case discuss the personal liability of a wrongful director.</p>		
Q 7	<p>A) A was appointed as the Managing Director of OPQ Ltd. for a period of 4 years on his 66th birthday on 1st June, 2016. A Board Resolution was passed to extend his term of office by another five years and the same was approved by the members in the AGM of the company held on 21st May, 2019, by an ordinary resolution. Is the re-appointment of A as M.D. valid?</p> <p>B) RST Ltd.'s annual general meeting should have been held on 30th Sept., 2018. However, as the accounts for the year 2017-2018 were not ready, the AGM could not be held. In order to avoid legal action against himself and the company what are the compliances required to be met by the Company Secretary under Section 92 of the Companies Act 2013?</p> <p>C) Sand Ltd. wants to appoint River as Managing Director of the company for a period of three years with effect from 1st August, 2018. River has given a written statement to the company that he has paid rupees one thousand to the prescribed authorities for a conviction of an offence under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 on 30th June, 2018. State whether River can be appointed as Managing Director of the company under the Companies Act, 2013.</p> <p>D) RR Limited has decided to make investment in other companies for Rs. 50 lakhs, which is in excess of 60% of the company's paid-up share capital, free reserves and securities premium account. Company has 5 directors. Four directors were present in the Board meeting, three directors have given their consent but one director abstained from voting. The decision of the Board was noted in the minutes of Board meeting and decided to make such investment by passing of Board resolution with majority. Referring to the provisions of Companies Act, 2013, examine the validity of the Board's decision.</p>	5*4=20	CO2, CO4