

2016

(December)

LAW

Paper : 5.2

(Company Law)

Full Marks – 80

Time – Three hours

The figures in the margin indicate full marks for the questions.

1. Choose the correct answers : $1 \times 10 = 10$
- (i) When the Courts ignore separate identity of the company and impose liability on the managers who are responsible for the actions of the company, it is called
- (a) Doctrine of 'lifting of the corporate veil'
 - (b) Doctrine of 'Severability'
 - (c) Doctrine of 'vicarious liability'
 - (d) Doctrine of 'indoor management'.

(ii) A petition for winding up of a company may be filed before

(a) the Registrar who issued Certificate of Incorporation

(b) the Tribunal

(c) the State Government

(d) the Central Government.

(iii) In addition to the name of company, registered office and objects, the Memorandum of Association of a company must also contain

(a) the nature of liability of the members of the company

(b) the amount of nominal capital of the company and the number and value of the shares into which the capital is divided

(c) both (a) and (b)

(d) none of the above.

(iv) The Articles of Association of a company contain the rules, regulations and the bye-laws that govern its management and administration.

- (a) correct statement
- (b) incorrect statement
- (c) partly correct statement
- (d) partly incorrect statement.

(v) If the Company refuses to register the transfer of shares, remedy lies before — in form of appeal.

- (a) Civil Court
- (b) Tribunal
- (c) High Court
- (d) Supreme Court.

(vi) A company may exercise the right to forfeit shares only when

- (a) provision for forfeiture is explicitly made in the Articles of Association of the company
- (b) due advance notice of forfeiture has been given to the concerned member

- (c) the Board of Directors of the company have approved a resolution in this regard
- (d) all the above conditions are satisfied.
- (vii) The directors act as — of the company's money and property.
- (a) Agents
- (b) Trustees
- (c) Shareholders
- (d) None of the above.
- (viii) ——— is a summary of the proceedings of a meeting.
- (a) Quorum
- (b) Resolutions
- (c) Minutes
- (d) Board.
- (ix) A Company 'Y' shall be deemed to be subsidiary of another company 'Z' when
- (a) The composition of Board of directors of 'Y' is controlled by 'Z'.
- (b) 'Z' holds more than half of its equity share capital of 'Y'

(c) In either of the situations described in (a) and (b)

(d) Neither (a) nor (b)

(x) A limited company may be

(a) a company limited by shares

(b) a company limited by guarantee

(c) both (a) and (b)

(d) neither (a) nor (b)

2. (a) Define the term 'Promoters'.

(b) What is the legal position of the Promoter of a company ?

(c) What are the rights and liabilities of Promoters ? $3+3+6=12$

3. What is Dividend ? State the procedure how dividend is paid to the shareholders. $5+7=12$

Or

What are the kinds of companies from the point of view of incorporation or origin of a company ?
Discuss.

4. (a) "Majority must prevail" is the principle of company management. Explain the exception to this rule. 6
- (b) Who is an official liquidator? What are his powers and duties? 6
5. A proper balance between majority supremacy and minority rights is essential for smooth functioning of the company. Discuss. 12

Or

- (a) What do you understand by the expression "Winding up" ?
- (b) How does it differ from 'dissolution' ?
- (c) In what circumstances may the shareholders wind up their company on voluntary basis ?
4+4+4=12
6. (a) What are the contents of the Memorandum of Association of a company ?
- (b) State the provisions of Company Law regarding alteration of objects clause of Memorandum of Association. 6+6=12

7. Write shortly on the following : $2 \times 5 = 10$

- (i) Lifting of the Corporate veil
- (ii) Statement in lieu of prospectus
- (iii) Doctrine of Ultra vires
- (iv) Holding company and subsidiary company
- (v) Doctrine of Constructive notice.

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