

Roll No: -----



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2018

Program: B.Com., LL.B. (Hons.) Taxation Law

Subject (Course): Company Law II

Course Code : LLBL422

No. of page/s: 02

Semester : VI

Max. Marks : 100

Duration : 3 Hrs

Section A (Answer any 05) 02×05= 10 marks

1. Distinguish between “debenture” and debenture stock”.
2. What are temporary loans?
3. What are the modes of winding up a company?
4. What is a capital account transaction?
5. What is the remedy available to the debenture holders in case of failure of redemption or failure of payment of interest?
6. What is the time limit for completion of corporate insolvency resolution process?

Section B (Answer any 04) 05×04= 20 marks

7. “All investments made by a company must be held in its own name”. Are there any exceptions to this rule?
8. Explain in brief the types of joint ventures permissible within the ambit of Indian law.
9. Write a note on Committee of Creditors.
10. Write a note on Crystallization of Floating Charge.
11. Write a note on Fast Track Corporate Insolvency Resolution Process.

Section C (Answer any 02) 10×02= 20 marks

12. Explain the development of Corporate Criminal Liability in India.
13. Explain the grounds of compulsory winding up under the Companies Act, 2013.
14. Who can initiate the Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016? Explain the process in detail.

Section D (Answer all questions) 12.5×04= 50 marks

15. XYZ Ltd. was wound up with effect from 15 March, 2018 by an order of the tribunal. Arun who ceased to be a member of the company from 01 June 2017 has received a notice from the liquidator that he should deposit a sum of Rs. 5,000/- as his contribution towards the liability on the shares previously held by him. In this context, explain whether Arun can be called a contributory and be made liable?
16. In a public limited company, some group of rich people joined and acquired by paying high prices of shares, a controlling interest. The company is well-managed, showing very good profits in the last three years. They want to appoint their own nominees as directors of this prosperous company. It is considered that this change in the board of directors would prejudicially affect the affairs of the company. Explain whether this change in the composition of board of directors can be prevented.
17. ABC Ltd. is a listed company having a paid-up share capital of INR 36 crore and general reserves of INR 24 crore. It desires to make a loan of INR 10 crore to XYZ Ltd. ABC Ltd. holds 60% of the equity shares in XYZ Ltd. ABC Ltd. has already made investment in and given loans to other companies aggregating to INR 30 crore. ABC Ltd. has not committed any default in respect of institutional loans or in repayment of fixed deposits. Explain whether the company is eligible to give loan of INR 10 crore to XYZ Ltd.
18. The liquidator of ABC Ltd. has received Rs. 50 lakh as a part of the liquidation estate. Explain the procedure for distribution of assets amongst the following dues as stipulated under Insolvency and Bankruptcy Code, 2016:
- | | |
|-------------------|-------------|
| Unpaid wages | Rs. 15 Lakh |
| Secured Creditors | Rs. 40 Lakh |
| Liquidation costs | Rs. 10 Lakh |
| Government dues | Rs. 05 lakh |

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Section A (Answer any 05) 02×05= 10 marks

1. “Debenture with voting rights can be issued only if permitted by the Articles of Association.” Comment.
2. What are temporary loans?
3. What is an operational debt?
4. What is the distinction between winding up and dissolution?
5. What was the rule laid down in *Foss v. Harbottle*?
6. What is a current account transaction?

Section B (Answer any 04) 05×04= 20 marks

Write a note on

7. Debenture Redemption Reserve Account.
8. Intercorporate Loans and Investments.
9. Overriding Preferential Payments.
10. Undervalued transaction.
11. Voluntary Liquidation.

Section C (Answer any 02) 10×02= 20 marks

12. Explain the development of corporate criminal liability in India.
13. Explain the various types of joint ventures permissible within the ambit of Indian law.
14. Write a note on Issue of Debentures.

Section D (Answer all questions) 12.5×04= 50 marks

15. X, Y and Z, directors of a company were the major shareholders of the company. X was the Chairman of the company. At a meeting of the board of directors, it was decided to increase the share capital. Y & Z did not have the money to take up additional shares and feared that in consequence X would conquer all shares and become dominant in the

company. So a general meeting was called and it was resolved that the present members alone should not benefit from the prosperity of the company, but, others also should share, and a special resolution was passed that the new shares may be offered to about a dozen persons who were not members of the company. X alleged oppression and complained before the tribunal that Y & Z wanted to throw him out from his position and had passed a special resolution to bring about a change in the management.

- a. Define what amounts to oppression.
 - b. Explain the possibility of X succeeding in the proceeding.
16. Explaining the provisions of the Companies Act, 2013 relating to appointment of a debenture trustee, examine the validity of appointment of the following persons as debenture trustee by a company going for issue of debentures:
- a. Sachin has pecuniary relationship with the company amounting to 1% of the total income during the 02 immediately preceding financial years.
 - b. Akash is indebted to an associate company of the company going to appoint such a trustee.
17. ABC Ltd., a company has been incurring losses for the last 2 years and has not been paying wages to its workmen for the last 3 months. Trade Union of the workmen has applied to the court for winding-up of the company. Will it succeed? Give reasons.
18. The following information has been extracted from the balance sheet of Palakkad Ltd.:
- | | |
|-------------------------------|--------------|
| i. Paid up share capital: | 20 crore INR |
| ii. Reserves and surplus: | 80 crore INR |
| iii. Capital reserves: | 05 crore INR |
| iv. Investment in securities: | 10 crore INR |
| v. Loan to companies: | 30 crore INR |
- Jhakkar Ltd. requested Palakkad Ltd. for a loan of 50 crore INR, which will be considered at the upcoming Board of Directors meeting. Explain the legal position and advice the board.