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Reg. No.....

Name.....

**FIVE YEAR B.A., LL.B./B.B.A, LL.B./B.Com., LL.B. (HONS.) DEGREE  
EXAMINATION, MARCH 2025**

**Seventh Semester**

**F.L. 20—COMPANY LAW**

(2021 Admissions—Regular/2018 to 2020 Admissions—Supplementary)

Time : Three Hours

Maximum : 75 Marks

**Part A**

*Write short notes on any five of the following.*

*Each question carries 3 marks.*

1. One Person Company.
2. Acceptance of deposits by a company.
3. Criminal liability for mis-statements in prospectus.
4. Sweat equity shares.
5. Insider trading of securities.
6. Powers and functions of Official Liquidator.

(5 × 3 = 15 marks)

**Part B**

*Answer any three of the following problems.*

*Each question carries 10 marks.*

7. 'X' and 'Y' sold a certain business to 'P' and agreed not to compete with him for a certain period. After some time, 'X' and 'Y' formed a private limited company becoming the principal shareholders and directors thereof and started a similar business competing with 'P'. Can 'P' enforce the contract against the company? What is the remedy available to 'P'?
8. 'A', who has been allotted 25 shares in a company has brought an action against 'B', the director in the company, in respect of false statements in the prospectus. 'B' contended that the prospectus was prepared by the promoters and that he had only relied on them. Is the director liable? Decide.

Turn over

9. The auditors of a company made a confidential report to the directors calling their attention to the fact that the security for some loans was insufficient and that there was a difficulty in their realization. They also reported that in their opinion no dividend should be paid for the year. However, in their report to the shareholders they merely stated that the value of the assets was dependent upon realization. A dividend of 7 per cent was declared by the company out of capital. Decide upon the legality of the declaration of dividend and the liability of the auditors.
10. ABC Ltd. filed a petition before the High Court for the winding up of XYZ Ltd. on the ground that it was not able to pay its debts. The company court ordered for winding up of XYZ Ltd. on the grounds that it was just and equitable and that the company was not able to pay its debts. Thereafter, XYZ Ltd. filed an application to recall the order of winding up and also paid the amount due to the creditor i.e., ABC Ltd. This application was opposed by the Official Liquidator on the grounds that money was due to a lot of creditors. 'P', who claimed to be a creditor of XYZ Ltd., moved an application before the High Court seeking transfer of winding up petition from the High Court to the NCLT. However, the application was rejected on the grounds that the order for winding up had already been passed. Aggrieved by the rejection of the application, a civil appeal was filed in the Supreme Court. Decide explaining the circumstances under which a winding up proceeding which is pending in the High Court be transferred to the NCLT.

(3 × 10 = 30 marks)

### Part C

*Answer any two of the following questions.*

*Each question carries 15 marks.*

11. "The fundamental attribute of corporate personality is that a company is a legal entity distinct from the members." Elucidate this statement explaining the meaning and characteristics of a company. What are the different types of companies? Distinguish a company from a partnership firm.

12. "Directors are not only agents but also in some sense trustees of the company". Comment on the above statement explaining the powers and duties of a director of a company under the Companies Act, 2013.
13. What is meant by 'oppression and mismanagement'? Explain the remedies available to the minority shareholders of a company against oppression and mismanagement. What are the powers of the Government in this regard? What initiatives have been taken by the Companies Act, 2013 to protect the minority shareholders?

(2 × 15 = 30 marks)