

# St. Clare College

Roll No:  
Date:

Autonomous, Bengaluru

UG END SEMESTER EXAMINATION-DECEMBER 2024

B.COM I SEMESTER

BC 1224: CORPORATE LAW

9

TIME: 3 hours.

MAX.MARKS: 80

This paper contains THREE printed pages and FOUR parts

**Instructions:**

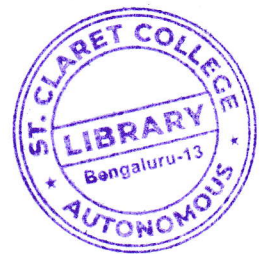
1. Verify and ensure that the question paper is completely printed.
2. Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.
3. Students must check the course title and course code before answering the questions.

**PART-A**

Answer ALL questions. Each answer carries ONE mark

[10x 1 = 10]

1. What is the maximum number of members allowed in a private company as per the Companies Act, 2013?  
a)50  
b)100  
c)200  
d)Unlimited
2. A company in which another company owns more than 50% of the share capital is known as  
a)Associate Company  
b)Holding Company  
c)Subsidiary Company  
d)Government Company
3. The document that governs the internal management, regulations, and procedures of a company.  
a) Memorandum of Association  
b) Articles of Association  
c) Certificate of Incorporation  
d) Prospectus
4. The consequence of a misstatement in the prospectus can lead to.  
a) Criminal liability  
b) Civil liability  
c) Rescission of the contract by the affected party  
d) All of the above
5. Which of the following is a method used by companies to price and issue shares based on investor demand?  
a) Book Building  
b) Bonus Issue  
c) Rights Issue  
d)Employee Stock Ownership Plan (ESOP)



6. The process where a company repurchases its own shares from the market is called.
- a) Redemption
  - b) Buyback.
  - c) Bonus Issue
  - d) Capital Reduction
7. Who is responsible for overseeing the day-to-day operations of a company and may have a seat on the board?
- a) Independent Director
  - b) Chief Executive Officer (CEO)
  - c) Non-executive Director
  - d) Shareholder
8. Which corporate officer primarily handles the financial planning, reporting, and budgeting of the company?
- a) Chief Executive Officer
  - b) Chief Financial Officer
  - c) Company Secretary
  - d) Managing Director
9. What is the main purpose of liquidation in a company?
- a) To acquire new assets for expansion
  - b) To sell company assets to pay off debts and close the business
  - c) To reduce tax liabilities
  - d) To reduce tax liabilities
10. Which type of liquidation is initiated by the decision of the company's shareholders or directors?
- a) Voluntary liquidation
  - b) Compulsory liquidation
  - c) Administrative liquidation
  - d) Court-mandated liquidation

### PART-B

**Answer any THREE questions. Each answer carries EIGHT marks. [3x 8=24]**

11. What do you mean by Joint Stock Company? Explain the various types of Joint Stock Company.
12. Distinguish between Memorandum of Association and Articles of Association.
13. What is Preference Shares? Explain the various types of Preference Shares.
14. Define the term Director. Write on the rights and duties of Director.
15. Write on the different types of Liquidation.

### PART-C

**Answer any THREE questions. Each answer carries TWELVE marks. [3 x 12= 36]**

16. Write a note on
- a) Associate Company
  - b) Holding Company
  - c) Dormant Company



17. Briefly explain the various stages of Formation of a Joint Stock Company.
18. What do you mean by Debentures? Write on the types of Debenture and various rules for issue of Debentures.
19. Who is a Company Secretary? Enumerate the duties and responsibilities of Company Secretary.
20. Elaborate on the different types of Corporate Meetings and essentials for a valid Corporate Meeting

#### PART-D

**Answer the following question (Case Study)**

**[1x10 = 10]**

**21. Ruchi Soya Industries Ltd. – NCLT Appellate Tribunal Proceedings**

Ruchi Soya Industries Ltd., one of India's leading edible oil manufacturers, faced significant financial difficulties due to high debt levels and operational challenges. By 2017, the company defaulted on loans amounting to approximately ₹12,000 crore, leading to its admission into the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code (IBC) in December 2017.

Ruchi Soya was admitted to CIRP after lenders filed a petition citing defaults. An Interim Resolution Professional (IRP) was appointed to manage the proceedings. The IRP conducted meetings with financial creditors to assess the company's financial position and identify potential resolution applicants. Multiple resolution plans were submitted, with the most notable bid coming from Patanjali Ayurved Ltd. In 2019, Patanjali's plan aimed to revive Ruchi Soya's operations while addressing creditors' dues. The NCLT approved Patanjali's resolution plan, which included a significant upfront payment to creditors and a commitment to revitalize Ruchi Soya's brand and production capabilities. Following the NCLT's approval, some creditors and stakeholders appealed to the \*\*National Company Law Appellate Tribunal (NCLAT), questioning the fairness of the resolution plan and its impact on debt recovery. The appellants argued that the plan favored certain creditors over others and did not adequately address the interests of all stakeholders, including employees. The NCLAT examined the appeals, focusing on the adherence of the resolution plan to the principles outlined in the IBC.

It upheld the NCLT's decision, emphasizing the need for transparency and fairness in the resolution process. The NCLAT also directed Patanjali to ensure compliance with the commitments made in the resolution plan. Patanjali Ayurved successfully acquired Ruchi Soya, which allowed the brand to regain market presence and operational stability. The resolution plan enabled financial creditors to recover a significant portion of their dues, improving their overall recovery rates.

#### **Questions**

- a) Explain the role of the NCLT in initiating the Corporate Insolvency Resolution Process (CIRP). **(5 Marks)**
- b) Analyse the NCLAT's ruling. How did it address the issues raised by the appellants? **(5 Marks)**

\*\*\*\*\*