

Roll No.

SAP ID



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES  
End Semester Examination, July 2020  
Open Book – Through Blackboard Learning Management System

Course: Company Law – II

Semester: VI

Programme: BA LL.B Energy Laws (Batch 1 & 2)

Course Code: CLCC 3006

Time: 03 hrs.

Max. Marks: 100

**Instructions:**

As this examination is in open-book format, the students are expected to demonstrate a very high degree of Academic Integrity and not copy contents from resources referred. Instructors would look for understanding of the concept by the students and any similarity found from resources online/ offline shall be penalized in terms of deduction of marks and even cancellation of paper in requisite cases. The online examination committee of the School would also look for similarity of two answer scripts and if answer scripts of two or more students are found similar, both the answer scripts shall be treated as copied and lead to cancellation of the paper. In view of the aforesaid points, the students are warned that they should desist from using any unfair means.

**All Questions are Compulsory**  
**Answer each question in not more than 500 words**

S. No.		Marks	CO
1	<p>Without prejudice to the provisions contained in this Act, a company shall unless otherwise prescribed, make investment through not more than two layers of investment companies:</p> <p>Provided that the provisions of this sub-section shall not affect,—</p> <p>(i) a company from acquiring any other company incorporated in a country outside India if such other company has investment subsidiaries beyond two layers as per the laws of such country;</p> <p>(ii) a subsidiary company from having any investment subsidiary for the purposes of meeting the requirements under any law or under any rule or regulation framed under any law for the time being in force.</p> <p>(2) No company shall directly or indirectly —</p> <p>(a) give any loan to any person or other body corporate;</p> <p>(b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and</p>	10+10	1

	<p>(c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding sixty per cent. of its paid-up share capital, free reserves and securities premium account or one hundred per cent. of its free reserves and securities premium account, whichever is more.</p> <p>a) Why investment by a company is prohibited beyond two layers of investment companies under Section 186 of the Companies Act, 2013? Whether this Section applies if the layers of companies invested in are not investment companies?</p> <p>b) What is the rationale behind not allowing loans to be offered by a company to its own directors or persons related to them? Answer with reference to relevant sections of the Companies Act, 2013.</p>		
Ans.			
2	<p>According to Palmer, “the rule in Foss vs Harbottle” is a phrase used to refer to two distinct, but linked proposition of law. The first proposition, which is that the court will not ordinarily interfere in the case of an internal irregularity if the matter is one which the company can ratify or condone by its own internal procedure. The second is that where it is alleged that a wrong has been done to a company, prima facie, the only proper plaintiff is the company itself.” Critically analyse the above paragraph. What are the possible exceptions to the second proposition as mentioned by Palmer?</p>	20	3
Ans.			
3	<p>“The Tribunal may also order for the winding up of a company if it is of the opinion that it is just and equitable that the company should be wound up.” Elaborately explain the circumstances with case laws in which the NCLT may order for the winding up of a company on just and equitable reasons.</p>	20	4
Ans.			
4	<p>“The essence of the matter seems to be that the conduct complained of should at the lowest, involve a visible departure from the standards of their dealing, and a violation of the conditions of fair play on which every shareholder who entrusts his money to the company is entitled to rely.” Write a note on the meaning of oppression of the minority referring to suitable examples. Who can give relief to the petitioners in a case of oppression? What are those possible reliefs?</p>	20	2
Ans.			
5	<p>“A company can only act through human beings and a human being who commits an offence on account of or for the benefit of a company will be responsible for that offence himself. The importance of incorporation is that it makes the company itself liable in certain circumstances, as well as the human beings- <b>Glanville Williams</b>”</p>	20	5

	In the light of the above statement, write a note on the various aspects of the criminal liability of a company, the difficulties faced in imposing the said liability and a solution for the future.		
Ans.			

**I, ....., understand that submitting work that isn't my own may result in failure in this paper and I may also be subject to Disciplinary Proceedings as per the Academic Integrity policy of the University.**

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