TUTOR MARKED ASSIGNMENT

COURSE CODE	**:**	**BCOC-135**
COURSE TITLE	**:**	**COMPANY LAW**
ASSIGNMENT CODE	**:**	**BCOC-135/TMA/2026-27**
COVERAGE	**:**	**ALL BLOCKS**

Maximum Marks: 100

Note: Attempt all the questions.

Section-A
(Attempt all the questions. Each question carries 10 marks.)

1. Discuss the concept of corporate veil. Under what circumstances can this veil be lifted? **(10)**

2. Define a public company. Describe the procedure for converting a public company into a private company. **(10)**

3. "Promoter is not a trustee or an agent of the company but he stands in fiduciary position towards it." Comment. **(10)**

4. What are the different stages in the formation of a company? Discuss. **(10)**

5. Explain the 'doctrine of indoor management'. "Are there any exceptions to this doctrine." **(10)**

Section-B
(Attempt all the questions. Each question carries 6 marks.)

6. What is a 'Deemed Prospectus'? State the provisions of the Companies Act, 2013 with respect to 'Deemed Prospectus'. **(6)**

7. What are sweat equity shares? what are the conditions for issuing the sweat equity shares? **(6)**

8. Define initial public offer. Discuss the eligibility requirements for an initial public offer. **(6)**

9. What is Whistle Blowing? What are the protections available to a person making disclosure? **(6)**

10. Write a note on: **(6)**

i) Shelf Prospectus

ii) Red herring Prospectus

Section-C
(Attempt all the questions. Each question carries 5 marks.)

11. Describe the role and structure of Audit Committee of a Company. **(5)**

12. What is a 'special resolution'? For what purposes are such resolutions necessary? **(5)**

13. Discuss the winding up of a Company by the Tribunal. **(5)**

14. What are the provision of the Act relating to unpaid and unclaimed dividend? **(5)**

1. Discuss the concept of corporate veil. Under what circumstances can this veil be lifted? (10)

Answer

A company is a separate legal person once it is incorporated. It owns property, enters into contracts, borrows money and can sue or be sued in its own name. Its members normally enjoy limited liability. The expression **corporate veil** describes the legal separation between the company and the natural persons who own or manage it. Although shareholders provide capital and directors control business decisions, the company's obligations are generally its own. This principle was firmly recognised in *Salomon v. A. Salomon & Co. Ltd.*

For example, if a company with fully paid shares owes money to a supplier, the supplier ordinarily claims against the company rather than recovering the debt from each shareholder's personal assets. This encourages investment, allows continuity despite changes in ownership and makes organised business possible. However, separate personality is meant to support lawful activity, not to protect fraud or deliberate evasion of legal duties.

Meaning of lifting the corporate veil. In exceptional situations, a court or a statute may look behind the separate personality to identify the persons actually controlling the business. This is called lifting or piercing the corporate veil. It does not mean that every failure of a company makes shareholders personally liable; the facts, legal ground and particular statutory provision must justify the intervention.

Circumstances in which the veil may be lifted:

• **Fraud or improper conduct.** If a company is used as a device to cheat creditors or conceal wrongdoing, the persons responsible cannot rely upon incorporation as a complete defence. In *Gilford Motor Co. Ltd. v. Horne*, a company was used to evade a former employee's contractual restriction, and the court restrained the misuse.

• **Evasion of an existing legal obligation.** Where a controlling person interposes a company specifically to defeat a duty already binding on that person, courts may examine the reality. The reasoning in *Jones v. Lipman* illustrates such an attempt to escape a contract.