REG.NO.: 24BBC0042

VIT
Vellore Institute of Technology

SCHOOL OF SOCIAL SCIENCES AND LANGUAGES
CONTINUOUS ASSESSMENT TEST - II
FALL SEMESTER 2025-2026

SLOT: C1+TC1

Programme Name & Branch	: B. Com & General (Semester)
Course Code and Course Name	: UCCA202L - Corporate Law - TH
Faculty Name(s)	: Anukampa Das
Class Number(s)	: VL2025260100351
Date of Examination	: 07/10/2025
Exam Duration	: 90 minutes

Maximum Marks: 50

General instruction(s):

- Answer All Questions
- M - Max mark; CO – Course Outcome; BL – Blooms Taxonomy Level *(1 – Remember, 2 – Understand, 3 – Apply, 4 – Analyze, 5 – Evaluate, 6 – Create)*
- Course Outcomes *(Type the CO statements covered in this question paper. Use the CO number as per the syllabus copy)*

CO3: Develop business forecasting for effective decision making.
CO4: Design the contingent and situational structure to build effective relationship among Employees.

Q. No	Question	M	CO	BL
1.	During an IPO, a company issues a prospectus without mentioning the exact share price but only the price band. Identify the type of prospectus and explain its purpose.	10	3	3
2.	Bright Tech Ltd. issued a prospectus inviting the public to subscribe to its shares. The document mentioned that the company made a profit of ₹50 crores in the previous year. In reality, the company had suffered a loss of ₹20 crores, but the fact was hidden to attract investors. After the issue, when the truth came out, the value of shares fell sharply, and investors incurred heavy losses. Answer the following questions based on the case study. 1. Identify the misstatement in this case. 2. Can this be treated as fraud under Company Law? Explain. 3. What liability arises for directors who authorized the issue of this false prospectus?	10	3	5
3.	Suppose an investor inherits shares from a deceased family member. Does this automatically make him a member? Critically examine the legal process involved.	10	4	5
4.	ABC Ltd., a listed company, had accumulated large cash reserves due to high profits over the last 5 years. However, the company had fewer expansion opportunities and the idle cash was reducing return on equity (ROE). The Board decided to go for a buy-back of shares to return wealth to shareholders and improve its financial ratios. The buy-back was financed out of free reserves. The buy-back did not exceed 25% of the total paid-up equity capital and free reserves. After the buy-back, the debt-equity ratio remained below 2:1. 1. How does buy-back of shares improve earnings per share (EPS) and ROE? 2. Explain the circumstances where XYZ Ltd. Is not allowed to buy-back its shares.	10	4	4
5.	A company wants to appoint a director nominated by its financial institution. Explain the kinds of directors should be appointed in the company.	10	5	3