

K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,
Vidyavihar, Mumbai- 400077

Program: PGDM (Executive) (Batch2016-17)
Subject: Business Law

Date: 25th March, 2017
Total Marks: 25
Duration: 1 1/2
Hours

Instructions

- 1. Substantiate your answers with reasons.**
 - 2. Question 1 is compulsory and attempt any three out of remaining questions**
 - 3. Question 1 carries 10 marks and other questions carry 5 marks each.**
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1. Priya has developed a new technology for converting solar energy into electricity. The electricity could be used directly for appliances, instead of requiring the charging of batteries. Priya has the technology but no money to commercially utilise the idea. She wants to form a company to manufacture and sell these units. It would need Rs. 100 Crores to set up a production unit. In this context, explore the following situations:
 - a. Several banks have promised an unlimited amount of loan to the proposed company. Can Priya form a private company? Must she form a public company as the amount of money involved is large?
 - b. Banks do not consider the venture of Priya to be profitable and thus, decline to provide assistance. Priya wants to form a company and advertise through newspapers and the internet so that others can subscribe to the capital of the company. She is confident that knowledgeable people would understand the merits of her technology and come forward. What kind of the company would she need to form? Why?
 - c. Raman, Priya's friend is advising her to form a One Person Company. According to you, would that be a wise decision? What is the minimum amount of money she would need to mobilise to form such a company?
 2. What is a body corporate? What do you understand by Corporate Veil and when is it disregarded? Do you justify the Supreme Court's stand of 'not to lift the Corporate Veil' in the case of Vodafone International Holdings?
 3. Who is an Independent Director? Briefly explain the appointment, role, functions and liabilities of an Independent Director? Has 'Satyam' really improved the Corporate Governance standards in India?

4. What is an Illegal Contract? Why is it forbidden by law? Can the party claim for restitution in such cases? Explain through the case of Inderjit.
5. 'The force majeure clause in contracts makes it possible for a party to immediate termination of a contract on the ground of impossibility.' Elucidate?

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