

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

Program: PGDM (FS) (Batch2016-18), Trim-II
Subject: Legal Aspects of Business
(End Term Examination)

Maximum Marks: 50
Duration: 3 Hours

Date: 27th December, 2016

Instructions

- 1. Substantiate your answers with reasons.**
- 2. Question 1 is compulsory and attempt any four out of remaining questions**
- 3. Each question carries 10 marks.**

QUESTION 1

Write short notes on the following:

- A. One Person Company
- B. Independent Director
- C. Related Party Transactions
- D. Class Action Suit
- E. Illegal Agreements

QUESTION 2

A famous cricketer scored a century in a match. X Ltd. announced an award of Rs. 10 Lakhs to the cricketer for scoring the century. The cricketer thanked X Ltd. for the award and gave them his bank account number for remitting the money. Later, X Ltd. told the cricketer that the money would be given only if he receives it in a public function from their managing director. The cricketer refused as he was prohibited from doing so by a contract with a rival company. X Ltd. refused to give the promised award.

- A. The cricketer claims that he has a contractual right to get the money from X Ltd. Do you agree?
- B. what is the advantage of a company going public?
- C. Can we incorporate a company with unlimited liability in India?

QUESTION 3

On the complaint of Mr. Ashish Gupta, after enquiry SEBI finds that Mr. Ravi Mehra, Chief Operating Officer of the company, on the basis of unpublished price sensitive information has indulged in the trading of the securities of that company.

- A. Explain, on the basis of the said finding, what action SEBI can take against Mr. Mehra under the Securities and Exchange Board of India Act, 1992.
- B. Explain whether it is necessary to establish the financial benefit from the transaction in order to prove an insider trading charge through the cases of HLL and Rakesh Agrawal.
- C. Can both Private and Public companies issue securities in private placement mode under Companies Act, 2013?

QUESTION 4

Excel Company Ltd. is registered in Maharashtra within the jurisdiction of the Registrar of Companies, Mumbai. The company proposes to shift its registered office to a place within the jurisdiction of the Registrar of Companies, Nagpur.

- A. State the steps to be taken by the company to give effect to the proposed shifting of its registered office.
- B. Is shifting of office from one state to another permitted by Companies Act, 2013?
- C. Why is it necessary for a company to have a registered office?

QUESTION 5

Would it be incorrect to say that Section 56 of the Contract Act applies only to cases of Physical impossibility and that where this section is not applicable, recourse can be made to the principles of English law on the subject of frustration?

- A. Explain the above mentioned statement through the case Satyabrata Ghose Vs Bangur & Co.
- B. What are the remedies available to an aggrieved person when there is a discharge by breach?

QUESTION 6

A new company was created wholly by the principal company with no assets of its own except those transferred to it by the Principal Company, with no business or income of its own except receiving dividends from shares transferred to it by the Principal company i.e. only for the purpose of splitting the profits into two hands and thereby reducing the amount to be paid as bonus to the workers of the principal company. The employees of the principal company filed a case before the court contending that the amount of dividends received by the new company should be taken into account for assessing the gross profit of the Principal Company.

- A. Will the contentions stand before the court of law? Explain.
- B. Under which of the following circumstances does the court permit the lifting of the Corporate Veil? Explain with the help of cases.
 - a. Where the company has abused its corporate personality for doing a fraudulent activity.
 - b. Where the veil has been used for evasion of taxes.