

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

Program: PGDM(IB) (Batch2016-18)
Subject: Business & Corporate Law

Date: 27th September, 2016

Total Marks:50

Duration: 3 Hours

Part – I

Instruction:

- a. Answer any 5**
- b. Substantiate your answers with reason (5x6 Marks =30 Marks)**

1. Apple Ltd. had eight members at the time of incorporation. Within two months, two of the members transferred their shares to one of the existing members. By the end of the year, the company went into liquidation and the creditors sought to recover their dues from the shareholders.

- a) State the minimum and maximum number of members that a company may have. Can the shareholders having fully paid up shares be held liable in this case?
- b) What will be the consequences if number of members falls below the statutory minimum limit?
- c) Which businesses have unlimited liability? Can we incorporate a company with unlimited liability in India?

2. There was a contract between A and B for the sale of whole quantity of oil lying in a cistern. The agreement provided that the oil was to be filled into drums by B and then the drums were to be taken away by A. Some of the drums were filled in the presence of A. Even before the remaining drums could be filled and drums filled with the oil could be taken away by A, a fire broke out and entire quantity of oil was destroyed.

- a) Who must bear the loss of oil? Why?
- b) When does property in the goods pass in unascertained goods?
- c) Why is the transfer of ownership in the contract of sale a question of great practical significance?

3. Ravi promised Y, a priest, to pay Rs. 90,000 as charity. The priest on Ravi's promise

incurred certain liabilities towards the repairing of the temple to the extent of Rs. 80,000.

- a) Can the priest recover Rs. 90,000 from Ravi?
- b) Can a person who is not a party to a contract sue upon it?
- c) "Insufficiency of consideration is immaterial". Will you agree?

4. As per the deed of settlement, the Directors were authorized to borrow money with the prior resolution of the General body meeting. For the resolution some preliminaries had to be followed. The resolution was passed without observing such preliminaries. So, the director's borrowing power was found to be ultra vires. The company contended that it was not liable for the repayment of the loan.

- a) Can the creditors recover the loan from the company? How?
- b) Which are the compulsory clauses in the Memorandum of Association and to what extent can a company alter these clauses?
- c) Do entrenchment provisions facilitate minority share holder protection?

5. Certain goods are delivered by A to B on 'Sale on approval' basis. B delivers them to C on similar terms. Goods are stolen while in the custody of C.

- a) Determine the rights & liabilities of A, B and C.
- b) Distinguish between a condition and warranty.
- c) When is the property in goods pass in Hire purchase?

6. A delivers some clothes for dry cleaning to B and B gives receipt to A for it. At the bottom of receipt it is mentioned 'for conditions see reverse side' and at the back of receipt some terms and conditions are laid down in Bengali. B does not know Bengali.

- a) Is B bound by these conditions? Why?
- b) Explain a counter offer.
- c) Does an acceptance of an offer, in ignorance of the offer confer any right on the acceptor? Why?

Part – II

Instruction:

- a. Answer any 2**
- b. Demonstrate your knowledge of the theory in your course and relate it to the practical situations. (2x10=20 Marks)**

1. Explain the Concept of 'Lifting the Corporate Veil' with special reference to the case, Vodafone International Holdings vs. Union of India.
2. Write a note on 'Corporate Governance' and discuss the corporate governance norms introduced by the Companies Act, 2013.
3. Identify the critical issues that were at the heat of the case Sahara vs. SEBI and explain the present law relating to the issue of securities by the companies.

-----End of Paper-----