



**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

Course: Corporate Law-I  
Semester-VI (Batch: 2016-21)

End Semester Examination: April-May 2019

Date: 7<sup>th</sup> May, 2019

Duration: 3 hours

Max. Marks: 50

**Instructions:**

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write any thing on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.
- Bar Act is not allowed.

**Part-A****Marks**

- Q.1 Analyse **any four** of the following concepts: (Max Word Limit-20 words each) (4x1  
=04)
- (a) Sweat Equity Shares
  - (b) Alternate Director
  - (c) Quorum in Board Meeting
  - (d) Rule in *Foss v Harbottle*
  - (e) Woman Director (as per the LODR)
- Q.2 Write short notes on **any three** of the following: (Max Word Limit-75-80 words each) (3x3  
=09)
- (a) Tata-Mistry Controversy
  - (b) Whole-time Director and Independent Director
  - (c) Disqualification of director/s of a company in India
  - (d) Related Party Transaction

**Part-B**

- Q.3 Answer the following: (Max Word Limit-80-100 words each) (4x3  
=12)
- (a) M/s ABC Ltd. is a public limited company incorporated in 2001, having the registered office at Mumbai. The company wants to convert into an OPC. Advise the legal procedure.
  - (b) A company M/s RALCO Ltd. is a public listed company. In each of the last three financial years, the annual turnover of the company has been more than 1500 Crore. The BOD of the company wants your advice for the CSR compliances. Advise the essential CSR compliances.
  - (c) A company M/s TERVI Ltd. is intending to raise funds by private placement and by offering all the instruments according to the provisions of the Company Law, in the financial year 2019-20. Advise the company about the legal requirements for the private placement including the formula for reckoning the instruments.
  - (d) Write and analyse the issues raised in the SEBI-SAHARA Case i.e. *Sahara India Real Estate Corporation Ltd v Securities and Exchange Board of India Ltd.*, SC 2011.

## Part-C

- Q.4 Read the following facts and answer in the light of principles of Company Law and decided cases (Max Word Limit-120-130 words each) (4+4+3=11)

In a company M/s TsAN Ltd., three groups of share holders i.e, Sharma group, Tank group and Gupte group control the management excluding the promoter group. The Sharma group holds 34% of equity share capital, the Tank group holds 6 %equity share capital with 13% preferential shares and the Gupte group holds 31% of equity share capital. In the AGM 2018, the Sharma group and the Gupte group approved two agenda items by special resolution. One of the items was of a sale-purchase transaction of value 11 Crore and the other was appointment of Mr Sharma (representative of Sharma group) and Mr. Gupte (representative of Gupte group) as the whole time directors of the company. The Article of Association contains a clause that *in case of sale-purchase transactions of value more than 10 crore requires the approval of majority share holders*. The proposed transaction was for the purchase of steel rods from the relative of one of the director and the price was much higher than the market price. The Tank group objected to the said resolution for two reasons. One is the price of the material which is higher than the market price and the other is that, the Tank group was not communicated about the AGM. The objection is rejected by the Sharma group, the Gupte group and the Directors of the company as it was approved by majority of share holders. The Tank group has approached you for filing a petition for legal remedy on the ground of oppression and mismanagement.

- Being the corporate advocate, answer whether the Tank group can file a petition on the ground of oppression and mismanagement. Apply proper legal provisions and decided cases.
- Being the corporate advocate, frame issues for the Tank group with the analysis of the provisions of the Companies Act, 2013 and decided cases.
- Being the member of the NCLT, decide the petition presuming that the petition has been admitted by the NCLT.

- Q.5 Read the attached front page of Draft Red Herring Prospectus (DRHP) of Polycab India Limited. Answer the following questions in the light of applicable legal principles and decided cases: (2+3+1.5+5+1.5+1=14)

- The Draft Red Herring Prospectus was filed with SEBI in October, 2018. The issue was opened on 5<sup>th</sup> April and closed on 9<sup>th</sup> April, 2019. Supposing the subscribed issue after the closing date is 75% of the issue size, advise the BOD about the next legal step to be followed by the Board of Director.
- The object of the IPO (object for which the Public Issue was made) as mentioned in the RHP was: *Scheduled Payment of all or a portion of certain borrowings availed by the company, to fund incremental working capital requirement of the company and general corporate purposes.*

Presuming that the Directors of the company (Polycab India Ltd.) spent the money for environmental protection under the CSR activities, answer what would be the legal consequence/s?

- What is the date of publication and date of issuance of the prospectus in the said IPO?
- Describe the legal procedure to be followed /has been followed by the company after filing the Draft Red Herring Prospectus with SEBI for the purpose of Public Issue.
- In which stock exchange/s, the company (Polycab India Ltd.) had applied for approval of listing of securities?
- Who are the appointed merchant bankers in the said IPO of Polycab India Ltd?

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