

# NATIONAL LAW UNIVERSITY DELHI

**LL.M. (Professional), Semester-II (Regular Students-Batch of 2021)**

**End Semester Assessment (Online), September-2022**

**Paper: Company Law and Practice**

Time: 6:00 hrs

Total Marks: 70

Instructions:

1. Attempt any five questions.
2. All Questions carry equal marks and all parts of a question carry equal marks
3. No clarification shall be sought on the question paper.

- 1) Anant has been convicted of securities fraud and SEBI has debarred him from any activity in the securities market, in any form whatsoever, for a period of 2 years. Anant's wife, Sudha, is a qualified chartered accountant, and his son Arpit ( an undergraduate engineering student) form a company Anant-Sudha Securities Private Ltd. for the purpose of dealing in listed securities. Anant regularly drives his wife to the office, and though does not have any room specifically allotted to him , sits in the company's conference room during office hours, and is always patched in during any strategy sessions with clients, brokers and managers. He has not been known to have intervened at any of the calls and the decisions are always signed of by Sudha. SEBI, suspects that Anant is breaching its orders. Examine SEBI's suspicions and the possibility of its action against the company being upheld in light of the legal precedents.
- 2) The memorandum of association of Kanika Broadcasting and Entertainment Pvt. Ltd. provided that it would be in the business of producing programmes for television and its distribution by various means. Production of films and its distribution etc. Towards producing a series for a channel, it built a lavish set. After the series ended, it had many options as to how to utilize the set, but sought to use it for the purpose of leasing it for functions as the set may be useful for a future series it may produce. Aakash, an event organizer, was given the license to use the set for marriage functions during the heavy marriage season. Aakash used the set during the marriage season, but when it came to paying the overdue license fee, he refused to pay on the ground that it was beyond the objects of the licensor. Taking into account the legal precedents on the issue, decide the case.
- 3) Ashatona & Co. Ltd., owner of a football club, a cricket team in a premier league and a golf course decides to sell its football club to Jungle Ltd. for a valuation of Rs. 50 rores to be invested immediately in the shares of Jungle Ltd. which is thereafter planned (with the knowledge of Jungle Ltd.) to be given to 75 shareholders of Ashotona & Co. Ltd. in proportion to their shareholding in the company. For the Board of Directors of Ashotona & Co. Ltd. identify the legal issues which will arise in this scheme.
- 4) The descendants of Seth Gulabchand want to set up a school in his memory. The different branches of the family have different perceptions of how the school be established and the entity under which it ought to be established. The demands were that the voting rights of the different branches be equal with them being transferable only within the branch, capital invested be returnable to the family after the school has stabilized and that the assets of the school be used only for educational purposes. Advise the family on the various options available under the Companies Act to achieve the above objects.
- 5) " The director of a company has an unique position. It is a commercial entity with its business secrets and oppurtunities known to the director. The court can't allow the director the same freedom to pursue his entrepreneurial spirit which it may grant to the ordinary employee." Elucidate the above statement.
- 6) Write short notes on the following:
  - a) Restraints on directorial remuneration
  - b) Just and equitable to wind up a Company