

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2022-24)
END TERM EXAMINATION (TERM - II)

Subject Name: Legal Environment of Business

Time: **02.30 hrs**

Sub. Code: PG-28

Max Marks: **40**

Note:

All questions are compulsory. Section A carries 5 marks: 5 questions of 1 marks each, Section B carries 21 marks having 3 questions (with internal choice question in each) of 7 marks each and Section C carries 14 marks one Case Study having 2 questions of 7 marks each.

Kindly write the all the course outcomes as per your TLEP in the box given below:

CO1- Students will be able to explain and interpret the government enacted legal policies impacting business units and environment.
CO2- Students will be able to recognize and articulate the importance of legal principles and application of essential elements of contracts in business practices.
CO3- Students will be able to appraise the principles and illustrate detailed provisions required for the working and forming of varied business organizations.
CO4- Students will be able to collaborate on different aspects of today's business environment and regulatory framework.

SECTION - A

Attempt all questions. All questions are compulsory.

1×5 = 5 Marks

Questions	CO	Bloom's Level
Explain the following with suitable examples Q. 1: (A). Supervening impossibility on the performance of contract Q. 1: (B). Sale and Agreement to sell Q. 1: (C). Contract of Indemnity and Guarantee Q. 1: (D). Conditions & Warranties under the Sale of Goods Act, 1930. Q. 1: (E). Secure records and electronic signatures	CO1	L1 & L2

SECTION – B

All questions are compulsory (Each question has an internal choice. Attempt any one (either A or B) from the internal choice)

7 x 3 = 21 Marks

Questions	CO	Bloom's Level
Q. 2: (A). Jasmine enters into a contract with Yasin & Co to ship his consignment of woollen carpets from Varanasi to Karachi, Pakistan. Subsequently, India declares war against Pakistan. Will the contract still be valid or else it will become void, instead? Give specific reasons of your answer. Or Q. 2: (B). Sanjay offers Jamna lal his house for Rs. 3 crores. Jamna lal replies 'I will pay Rs. 2.5 crore'. Sanjay refused to sell at this price. Jamna lal then agreed for Rs. 3 crores to Sanjay, but Vinod refused to sell his house. Discuss the position of parties and validity of the contract. Q. 3: (A). An unpaid seller has an immediate right of action for the price. Discuss the legal rights of the unpaid seller against goods and buyer.	CO2	L3

<p style="text-align: center;">Or</p> <p>Q. 3: (B). Illustrate the comment: Every holder in due course is a holder, but every holder may not be a holder in due course.</p> <p>Q. 4: (A). Suppose you are going to establish ABC Company, explore the steps to be followed in the formation of your company.</p> <p style="text-align: center;">Or</p> <p>Q. 4: (B). Elaborate the term Memorandum of Association & Articles of Association of a Company. Also discuss its legal implications.</p>	CO2	L3
<p><u>SECTION - C</u></p> <p>Read the case and answer the questions 7×02 = 14 Marks</p>		
Questions	CO	Bloom's Level
<p>Q. 5: Case Study: MDC Ltd, the respondent company, was a State Government corporation and a wholly owned undertaking of the State of Maharashtra. It was a listed public company, incorporated and registered under the provisions of the Companies Act, 1956.</p> <p>MSL was another company incorporated in pursuance of a protocol agreement entered between the Bajaj Auto Ltd. the appellant company and Western Maharashtra Development corp Ltd. The equity shares of MSL were listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The above-mentioned protocol agreement provided that Bajaj Auto Ltd would grant benefit of know-how and offer its assistance in the manufacture two-wheeler scooters to MSL and would also participate in the equity share capital of MSL on and conditions as set out therein. In accordance with the terms and conditions of the Western Maharashtra Development Corp Ltd did hold 27% of the equity shareholding of MSL and the Bajaj Auto Ltd. continued to hold 24% thereof. The balance 49% of the equity holding of MSL was held by the public.</p> <p>Clause 7 of the protocol agreement provided that if either party desired to part with or transfer its shareholding or any part thereof, in the equity share capital of MSL, such party was required to give first option to the other party for the purchase of such shares at such rate as may be agreed to the parties or decided upon by arbitration. The procedure to be followed in such a situation was also set out in the said clause.</p> <p>Subsequently, on the request of Bajaj Auto Ltd. Western Maharashtra Development Corp Ltd considered selling and transferring its 27% share holdings to Bajaj Auto Ltd, and in furtherance thereof, addressed a letter dated April 9, 2003 offering to sell its 27% shareholding in MSL (30.85,712 shares) to the Appellant at a price of Rs 232.20 per share after getting the valuation of the company done by an authorized agency.</p> <p>In reply thereto, Bajaj Auto Ltd confirmed their interest in buying the shareholding of the respondent. It was however stated that the price at which the shares were offered was not acceptable to the appellant and therefore, requested that a meeting be called for by a high-level committee to carry out official negotiations to reach a fair and marketable settlement. Thereafter, the appellant reiterated they were not agreeable to the price of Rs. 232.20 per share as demanded by the Respondent and offered to purchase the 27% shareholding of the respondent at the rate of Rs 75 per equity share.</p> <p>Thus, there was no concluded contract arrived at between the parties in respect of sale of the said shares and matter was taken to arbitrator as directed by the</p>	CO4	L6

protocol agreement. The arbitrator, after considering the challenges and the evidences, by a detailed award, held in favour of the appellant and declared that 30,85,712 equity shares of MSL held by the respondent (its 27% shareholding) are to be sold to the appellant at a price of 151.63 per share.

Being aggrieved by the arbitral award, the respondent challenged the same before the court and challenged the legality of clause 7 of the protocol agreement that forced the respondent to offer the shares first to the other party (the appellant) before selling to somebody else. They submitted that clause 7 created a right of pre-emption, and MSL being a listed public company violated the provisions of Sec. 111A of the Companies Act 1956 as the Section provides that the shares or debentures of a public company and any interest therein shall be freely transferable. It was further argued by the respondent that section 9 of the Companies Act shall have effect notwithstanding anything to the contrary contained in the Memorandum and Articles of Association of the company. Therefore, clause 7 of the protocol agreement being contrary to the provisions of the Companies Act, was unenforceable.

Questions:

Q. 5: (A.): Critically analyze the above case with the perspective of breach of contract.

Q5(B): Criticize the above case claiming the clause 7 of the protocol agreement restricted free transferability of a public company and violated the section of the company act 1956.

Kindly fill the total marks allocated to each CO's in the table below:

COs	Marks Allocated
CO1	5 Marks
CO2	14 Marks
CO3	7 Marks
CO4	14 Marks

(Please ensure the conformity of the CO wise marks allocation as per your TLEP.)

Blooms Taxonomy Levels given below for your ready reference:

L1= Remembering

L2= Understanding

L3= Apply

L4= Analyze

L5= Evaluate

L6= Create