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**PRESIDENCY UNIVERSITY
BENGALURU**

**SCHOOL OF LAW
END TERM EXAMINATION - JUN 2023**

Semester : Semester IV - 2021

Course Code : LAW119

Course Name : Sem VI - LAW119 - Company Law II

Program : BAL,BBL&BCL

Date : 9-JUN-2023

Time : 1.00PM - 4.00PM

Max Marks : 100

Weightage : 50%

Instructions:

- (i) *Read all questions carefully and answer accordingly.*
 - (ii) *Scientific and non-programmable calculator are permitted.*
 - (iii) *Do not write any information on the question paper other than Roll Number.*
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ANSWER ALL THE QUESTIONS

(10 X 10 = 100M)

1. CSR has been defined in a rather broad manner in Schedule VII of the Companies Act, 2013. The definition is exhaustive as it includes those specific CSR activities listed in Schedule VII and other social programs not listed in Schedule VII, whose inclusion as a CSR activity is left to the company's discretion which should be scrutinized by the CSR Committee.
Outline the need and composition of the CSR Committee along with the reference to the activities mentioned in the Schedule VII.

(CO5) [Comprehension]
2. If the company decides to appoint a director in the middle of the year, it may appoint a director by passing a resolution in an Extraordinary General Meeting (EGM). In such a case, a company must conduct a board meeting to pass a resolution for conducting an Extraordinary General Meeting (EGM). For the contingent appointments, it can be made by the company as provided by the companies act 2013.
Elaborate on the provision of such appointments and explain the process of a single transfer vote and cumulative voting.

(CO1) [Comprehension]
3. A company acts through two bodies of people - its shareholders and its board of directors. The board of directors are in charge of the management of the company's business; they make the strategic and operational decisions of the company and are responsible for ensuring that the company meets its statutory obligations. Comment

(CO1) [Comprehension]
4. X, Y, and Z filed a petition in the NCLT for the winding up of the company M/S Sushmita Enterprises, in the best interest of their Trade Union name as 'A to Z Trade Union'. The Tribunal rejected the plea filed by 'A to Z Trade Union'.
Outline the issues present in the above petition with reference to the provisions and case laws.

(CO4) [Application]

5. The Companies Act defines powers available to the Tribunal on the 'Oppression' and 'Mismanagement' application done by the member. Accordingly, if the Tribunal is of the opinion that the affairs of the company are being conducted in a manner prejudicial to the interest of the members, public, or company then it has the power to pass the order as deemed fit.

In light of the aforesaid statement, outline the powers of the tribunal provided in the Companies Act, 2013.

(CO3) [Comprehension]

6. Write a brief note on the following topics:

a. Submission of report by the Liquidator

b. Evolution of Class-Action Suits

(CO3,CO4) [Comprehension]

7. In a case 'X' the court rejected the claim of Mr. A and Ms. B and held that since the impugned actions had caused loss to the company, only the company had the right to sue, that is to say that, the company was the 'proper plaintiff' in the given case and not the shareholders. It was further held that the minority shareholders could not bring an action for a wrong that could be ratified by the majority shareholders.

On the basis of the above judgment, outline the exceptions and the principle underlying it.

(CO3) [Application]

8. In 1952, the Pacific Gas and Electric Company (PG&E) installed a compressor station near the town of Linkeley, part of a gas pipeline

system linking Tesac to California. Since then, the company has used a carcinogenic chemical compound named chromium-6 as a corrosion inhibitor in its cooling system. The contaminated water was discharged into unlined pools, thus leaking to the aquifer serving Linkley's residents' water needs. The leakage occurred (at least) from 1952 to 1972, the year PG&E lined the discharging pools. However, it was not until 1977 that the state passed a Law regulating the use of chromium-6 and limiting its concentration in water to 50 µg/L. Chromium-6 is known for causing damage to several organs and different types of cancer. Moreover, the compound also modifies human DNA, which can prolong the effects of exposure to future generations. Local residents experienced several symptoms associated with chromium-6 contamination including prostate, cervical, breast, and stomach cancers and respiratory problems. In 1987, PG&E officials informed the state of California of high levels of chromium-6 in underground water north of the discharge ponds. The levels were 10 times greater than the limits established by CA's 1977 regulation. At that time, PG&E started buying properties affected by pollution. Yet, company officials told citizens the water was suitable for both drinking and agriculture.

Erin Brockovich, a clerk at 'Masry and Vititoe Law firm, came across records on PG&E's offers to buy Hinkley's citizens' properties while filing them. The fact that these documents were mixed with residents' medical records raised Brockovich's attention. The clerk decided to investigate the case and ended up convincing some of the people affected by contamination to start legal action against PG&E in 1993. Initially, there were 77 plaintiffs but the numbers raised to 648.

While PG&E lawyers tried to de-link people's health problems from exposure to chromium-6, the plaintiffs showed that the company knew about the contamination at least since 1965 and did nothing. On the basis of the above facts outline the issues and importance of social responsibility and decide with reference to relevant judgments.

(CO5) [Application]

9. Both the NCLT and NCLAT were formed based on Article 245 of the Indian Constitution. To reduce the burden of various forums and to take up all matters relating to company law and other corporate laws, Supreme Court upheld and allowed the constitution of both under the Companies Act, 2013.

Discuss the composition of NCLT and NCLAT along with the consequences of winding up order passed by the bodies.

(CO4) [Comprehension]

10. Write a brief note on the following topics:

a. Voting Procedures in a company meeting

b. Disqualifications of a Director

(CO2) [Comprehension]