

PGDM, 2020-22
Legal Aspects of Business
DM-406
Trimester – IV, End-Term Examination: September 2021

Time allowed: 2 hrs 30 min
Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 3 question with internal choices and CILO (Course Intended Learning Outcome) covered.	3*10	30
B	Compulsory Case Study with minimum of 2 questions	20	20
Total Marks			50

Section A

Note: Answer any three questions each question carries equal marks. (10 x 3 = 30)

Q1a. “A contract is enforceable only when codified and well documented “Do you agree? Considering above statement discuss the essential elements to constitute a Valid Contract as enumerated under Contract Act, 1872. (CILO 1)

Or

Q1b. Bills of Exchange are the indispensable negotiable instruments widely used for trade, commerce and business purposes. Differentiate between Promissory Notes and Bills of Exchange. Quote Hypothetical examples wherever possible. (CILO 1)

Q2a. Ownership of goods and Possession of Goods are important aspects highlighted under the Act. Discuss the various types of Goods as enunciated under the Sale of Goods Act, 1930. Cite examples to illustrate your answer. (CILO 1)

Or

Q2b. “Intellectual Property Rights are strong indications for growth and development of the Organization Do you agree? Briefly Discuss the concept, features, and types of IPR under the legislation. (CILO 1)

Q3a. Consumer Protection envisages safeguarding of Consumer Interest. The recent changes in the COPRA of 2019 has included the e commerce transactions also under the statute. In light of above discuss the following:

- a) Concept of Consumer
- b) Restrictive Trade Practice and Unfair Trade Practice.

Or

Q3b. Discuss briefly the features and scope of latest labour legislations (Codes) passed in 2019 /20. Mention contemporary updates, if any.

Section B

**Note: Analyze the following case and answer the following questions. (CILO-2)
(10x2=20)**

ZOMATO GROWTH THROUGH IPO

Zomato is an Indian group founded in Delhi NCR in 2008. Zomato originally began as a "Foodie Bay" but was renamed "Zomato."

Its story entails from rags to riches. Downfall to upward trend. It has noticed certain pitfalls, but its net worth and financials have steadily grown. Today the Company is a public Limited Company registered under the Companies Act.

It has its sets of Memorandum, articles of Association, which prescribes its bye laws, rules, and regulations, on which the Company functions. The Board of Directors are also thin. Eventually in June 2021 the Company came up with the first Initial Public Offering in the Market after filing its Prospectus duly signed by the Key Managerial Persons, with SEBI and Registrar of Companies.

The initial response of coming up in the public domain was not well accepted by the stakeholders, because of the presence of Competition in the market. However, the Pandemic and the lockdown brought substantial changes and the Company finally decided to file its Prospectus, and the financial statements.

Few challenges faced which gave it a good market base, which did impact its subscription in the IPO :

- There is already a very strong competition on the market, which has posed more threats.
- The biggest challenge was to keep up high margins because of costs associated with food production, processing, and supply were enormous.
- The biggest challenge they had faced was to find a way to cover all the cities to not miss a single, fine restaurant and to have a variety of fine restaurants on all menus.
- Zomato became one of the successful food delivery apps in India. In the financial year ended March 31, 2019, Zomato reported a three-fold rise in sales of \$206 million, while the topline's remarkable growth was attributed to a splash of money for new customers than before.

The net outcome of the IPO was as follows:

It was a main-board IPO equity shares of the face value of ₹ 1 aggregating up to ₹ 9,375.00 Crores. The issue was priced at ₹ 72 to ₹ 76 per equity share. The minimum order quantity is 195 Shares. The IPO opened on Jul 14, 2021 and closed on Jul 16, 2021. Link Intime India Private Ltd was the registrar for the IPO. The shares are proposed to be listed on BSE, NSE.

Few facets of Stock Price movements:

- The first day of trading witnessed a 52.63 percent premium.
- The share price moved to Rs 138 intraday after listing at Rs 116
- The response from institutional investors has been strong.

The market capitalization of the company has Rs 1 lakh crore mark, ahead of IOC, BPCL, Shree Cements. To conclude, The Rs 9,375-crore initial public offering, which opened for meagre, had seen a stellar response from investors with 38.25 times subscription - highest in last 13 years among IPOs valued more than Rs 5,000 crore each.

Answer the following:

Q1. What is A Prospectus under the Companies Act? Had Zomato carried all Compliances necessary to for a public issue of equity shares with ROC and SEBI. Illustrate and substantiate? (10marks) / (CILO 2)

Q2. a) Will the Contracts with the Investors / Subscribers to the issue be called as a Valid Contract under the Indian Contract Act, 1872? (5 marks) (CILO 2)

b) What are the management and legal Challenges faced by Zomato. (5 marks) / (CILO 2)
