

EXAMINATION OF ARTICLED CLERKS

PAPER II

COMPANY LAW

Wednesday, 9th November, 2022

Time: 3 Hours (1:00 PM to 4:00 PM)

TOTAL MARKS – 100

Notes:

- 1. Answers should be short and precise.**
- 2. Please substantiate your answers, wherever possible, with reference to relevant provisions of law and case law, if any.**

Question No.	Question	Marks
1.	EFG Ltd. issued a notice on 1 st July, 2022 to its existing shares holders offering to purchase one extra share for every five shares held by them. The last date to accept the offer was 15 th July, 2022. Mr. X has made an application to renounce the shares offered to him in favour of Mr. Y, who is not a shareholder of the company. Examine the validity of application of Mr. X under the provisions of the Companies Act, 2013. Would your answer differ if Mr. Y is a shareholder of EFG Ltd.?	5
2.	Your client, a private limited company, incorporated since the last 4 years wants to make a political contribution. Advise your client regarding the provisions applicable to political contributions.	3
3.	Does a company have to compulsorily send the notice of a Board Meeting to a Director who has waived his right to receive notice?	2
4.	Austria Auto Co., incorporated in Austria was carrying on its business in Pune related to the manufacturing of automobile components. Due to failure of its compliance with the respective laws of Austria, it ceased to exist. Decide the status of the company and the effect on the conduct of business in India in the light of the Companies Act, 2013 .	5
5.	Differentiate between any two of the following: i. Preference shares and Equity shares. ii. Memorandum of Association and Articles of Association. iii. Small Company and Private Company.	10

6. A group of friends plan to start business together in the future. They are contemplating forming a company and acquiring the status of a 'dormant company'. The friends seek your opinion on the procedure and the conditions that will be required to be fulfilled in doing so. Also enumerate the privileges and exemptions available to such a company under the provisions of the Companies Act, 2013. 6
7. The Board of directors of ABC Ltd. decide to enter into a contract whereby Mr. X, a director of the company will acquire few assets of the company for consideration other than cash, without seeking approval of the company in its general meeting. Mr. Y a shareholder of the company objects to the decision of the Board. Examine the validity of the Board's decision and state whether the contention of Mr. Y is valid. 4
8. In terms of the provisions of the Companies Act, 2013, answer the following : 6
 (i) Which companies are required to have independent directors ?
 (ii) What is the tenure of independent directors and the number of terms for which such a director can be appointed ?
 (iii) Are independent directors required to hold meetings of their own without the presence of non-independent directors ?
9. Enumerate the grounds on which the Registrar of Companies can file a petition for winding-up of a company under the Companies Act, 2013. 5
10. i. What is an OPC? 6
 ii. Can a non-resident become a member of an OPC?
 iii. In how many OPCs can a person be eligible to be a nominee?
11. Write short notes on any 2 of the following: 8
 i. Foreign Register.
 ii. Declaration in Respect of Beneficial Interest in any Shares
 iii. Demand for Poll
12. The Articles of Association of HIJ Ltd. provide that the maximum number of Directors in the company shall be 10. Presently, the company has 8 directors. The Board is desirous increasing the number of directors to 16. Advise whether the Board can do so? 4
13. XYZ Ltd. is an unlisted public company having a paid-up capital of 22 crores as on 31st March, 2022 and a turnover of 170 crores during the year ended 31st March, 2022. The total number of directors is thirteen. What is the minimum number of directors appointed as Independent Director in XYZ Ltd. Would your answer change if XYZ Ltd. is a dormant company? 2

14. In RST Ltd., an intermittent vacancy of the women director arises on 15th October, 2022. By when should the vacancy so created be filled? 2
15. What is the minimum number of board meetings that a company must conduct in a year?. 3
16. LMN Ltd. has 9 Directors out of which 6 Directors are present at the Meeting. An item not included in the Agenda is proposed to be taken up at a Meeting. Examine the effect of the following: 6
- i. Consent for taking up such item is obtained from only 3 Directors present in the Meeting.
 - ii. Consent for taking up such item is obtained from 4 Directors present at the Meeting, who also approve the item at the Meeting.
 - iii. Consent for taking up such item is obtained from 5 Directors present at the Meeting, who also approve the item at the Meeting.
17. Write short notes on any 3 of the following: 15
- i. Corporate Person
 - ii. Security Interest
 - iii. Financial Information
 - iv. Operational Debt
18. What is the period for filing an appeal from the order of National Company Law Appellate Tribunal? Can the period be extended? 3
19. Who cannot make an application to initiate a corporate insolvency process? 5
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