

EXAMINATION OF ARTICLED CLERKS

PAPER II

CORPORATE LAWS

Wednesday, 24th April, 2019

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

TOTAL MARKS - 100

Notes:

1. Read the questions carefully before responding.
2. Answers to be short and precise. Please respond as far as possible in bullet points and not paragraph form. In any case please do not exceed the specified number of bullet points where the question demands response in bullet points.
3. Please substantiate your answers, wherever possible, with reference to relevant provisions of law and case law, if any.

1. Answer in Yes or No. Please provide one bullet point reason **20 Marks** for the same.

- i. V2 Pvt. Ltd. has only 2 shareholders, Mr. X and Mr. Y. Mr. Y cannot attend the AGM and the meeting is adjourned. On the adjourned meeting as well Mr. Y is absent. Can Mr. X be taken as quorum in the adjourned meeting?
- ii. Is the requirement of holding Board Meetings applicable to a One Person Company?
- iii. Would a company which, though having a turnover of more than Rs. 1000 crore has incurred loss in the preceding three financial years, be required to comply with the provisions of Corporate Social Responsibility?

- iv. Can an Independent Director of a Company be appointed as an Independent Director of its subsidiary company?
 - v. Would the office of a foreign director who attended board meetings only by video conference for a period of 12 months stand vacated?
 - vi. Is an Independent Director entitled to stock options?
 - vii. Is a Small Company required to prepare Cash Flow Statement?
 - viii. Is a company required to obtain shareholders' approval for preferential issue of shares?
 - ix. Can a private company issue debentures to the public?
 - x. Can a company buy back its shares if it is not authorized by its Articles of Association?
2. Can an application under the IBC be made even in cases where a winding up petition has been admitted and is pending before a Company Court? Critically examine the order of the Bombay High Court in the case of Jotun India Private Limited Vs. PSL Limited. **15 Marks**
3. Write short notes on any three of the following:- **15 Marks**
- i. How is a One Person Company different from a Sole Proprietor? What are the different types of One Person Companies that can be incorporated under the Act?

- ii. Producer Companies.
 - iii. Sweat Equity.
 - iv. Serious Fraud Investigation Office.
4. Write a brief note on Resolutions requiring special notice. **5 Marks**
5. Which Classes of companies require a Woman Director on the Board? **3 Marks**
6. Who is a related party? When can a company enter into a contract or arrangement with a related party? **8 Marks**
7. Write a short note on Small shareholders' Director. **4 Marks**
8. Answer in Yes or No. Please provide one bullet point reason for the same. **10 Marks**
- i. Can the NCLT entertain an Application under Section 7 in respect of a time barred debt?
 - ii. Can a financial creditor in respect of whom there is no default file an Application for Corporate Insolvency Resolution?
 - iii. Can a Corporate Debtor invoke the arbitration clause between the Financial Creditor and the Corporate Debtor and appoint a Sole Arbitrator once the Application for corporate insolvency resolution process has been admitted?
 - iv. Can a Corporate Debtor make an Application to the Adjudicating Authority for repayment of the dues of the Financial Creditors and close the

Corporate Insolvency Resolution Process?

- v. Is a debenture holder a Financial Creditor?
8. XYZ Pvt. Ltd. initiated arbitral proceedings against ABC Ltd. **5 Marks**
in respect of 10 invoices. The Arbitral Tribunal held in favour of ABC Ltd. Thereafter, XYZ Pvt. Ltd. filed an Appeal against the Arbitral Award. Pending the hearing of the Appeal, XYZ Pvt. Ltd. file a petition under section 9 of the IBC claiming the amount of the said 10 invoices from ABC Ltd. ABC Ltd. come to you for advice. What would you advise them?
9. Write short notes on any three of the following: **15 Marks**
- i. Effect of Order of Moratorium.
 - ii. Voluntary Liquidation of corporate persons.
 - iii. Financial debt.
 - iv. Jurisdictional powers of the Adjudicating Authority for corporate Persons.
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