

EXAMINATION OF ARTICLED CLERKS

Paper II

CORPORATE LAWS

Monday, 17<sup>th</sup> October, 2018

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

Total Marks: 100

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*Notes:*

1. *Read the question carefully.*
2. *Answer to every question should be on a fresh sheet of paper.*
3. *Figures to the right indicate full marks.*

1. i. What is a Prospectus? **3 Marks**
  - ii. What are the different kinds of Prospectus under the Companies Act, 2013? **2 Marks**
  - iii. What are the matters that must be stated in a Prospectus under the Act? **5 Marks**
  - iv. What is the information to be stated in the Prospectus under the Rules? **5 Marks**
2. M/s. Tecknotronic Arc Systems, a duly registered partnership concern between Mr. Stark, Mr. Banner and Ms. Romanov has been in the business of making arc reactors since 1999. Mr. Banner retired from the firm on 31<sup>st</sup> December, 2014. Mr. Banner then incorporates and promotes Tecknotronic Arc Reactor Systems Pvt. Ltd. on 1<sup>st</sup> April, 2015. M/s. Tecknotronic Arc Systems comes to you today for your advice as there has been a substantial erosion of its client base in favour of the Company. They also inform you that one client of the firm also mistakenly placed orders with the Company instead of the firm as they thought that the firm had converted into a company. What advice would you give them? **10 Marks**
3. Write Short Notes on any four of the following: **20 Marks**
  - i. What is meant by the term 'interested director'? What is the duty of the director concerned or interested in a

- contract to be entered with a firm where he is a partner?
- ii. Serious Fraud Investigations Office.
  - iii. Fast Track Merger.
  - iv. Power of central government to provide for amalgamation of companies in public interest.
  - v. Duties of a director.
4. i. Section 46 read with the Companies (Share Capital and Debentures) Rules, 2014 requires the passing of Board Resolution for issuance of share certificates. Can this power be delegated to Committee of the Board? **5 Marks**
- ii. Whether voting by show of hands is possible in case of companies which are covered under Rule 20 of Companies (Management and administration) Rules, 2014? **5 Marks**
- iii. Is it mandatory for a company having more than 1000 share holders to keep its documents records, registers and minutes in electronic form? **5 Marks**
5. i. Can a company buyback its shares without passing shareholders' resolution? **5 Marks**
- ii. A company seeking to buy-back its shares through the stock market fails to specify in the special resolution the maximum price at which the buy-back shall be made. Can it proceed to buy-back its shares. **5 Marks**
6. i. Can related companies and individuals who have acquired shares in breach of mandatory requirement of Takeover Regulations without making public announcements be directed to refrain from exercising their voting rights, directly or indirectly, insofar as they pertained to disputed shares? **5 Marks**
- ii. Can an acquirer complete the acquisition of shares in the target company by way of purchase of shares attracting the obligation to make an open offer for acquiring shares? before the expiry of the offer period? **5 Marks**

6. Answer whether True or False. Provide one bullet point reason for the same. **20 Marks**

- i. The Liability Clause of the Memorandum of Association cannot be amended.
  - ii. The Articles of association need to be signed by all the Proposed Directors.
  - iii. Number of clauses in a Memorandum is 5.
  - iv. A Statutory Company cannot give an invitation to the public to subscribe to shares or debentures in the company.
  - v. A copy of the Prospectus must accompany each form of application for shares offered to the public.
  - vi. Par value of shares means the face value of shares.
  - vii. Articles of Association discuss the powers, rights, duties and remuneration of the directors.
  - viii. A company that has control over another company is known as the holding company.
  - ix. The company needs prior approval from the central government when it changes its registered office from one city to another city.
  - x. The address of the registered office of the company must be notified to the Registrar within 30 days of registration if not done at the time of incorporation.
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